LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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DATE: **August 11, 2008**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**
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TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **Agenda Item # 6 (b) through (l): Municipal Service Reviews for the Agencies Within the Apple Valley Community and related Sphere of Influence Updates**

INITIATED BY:

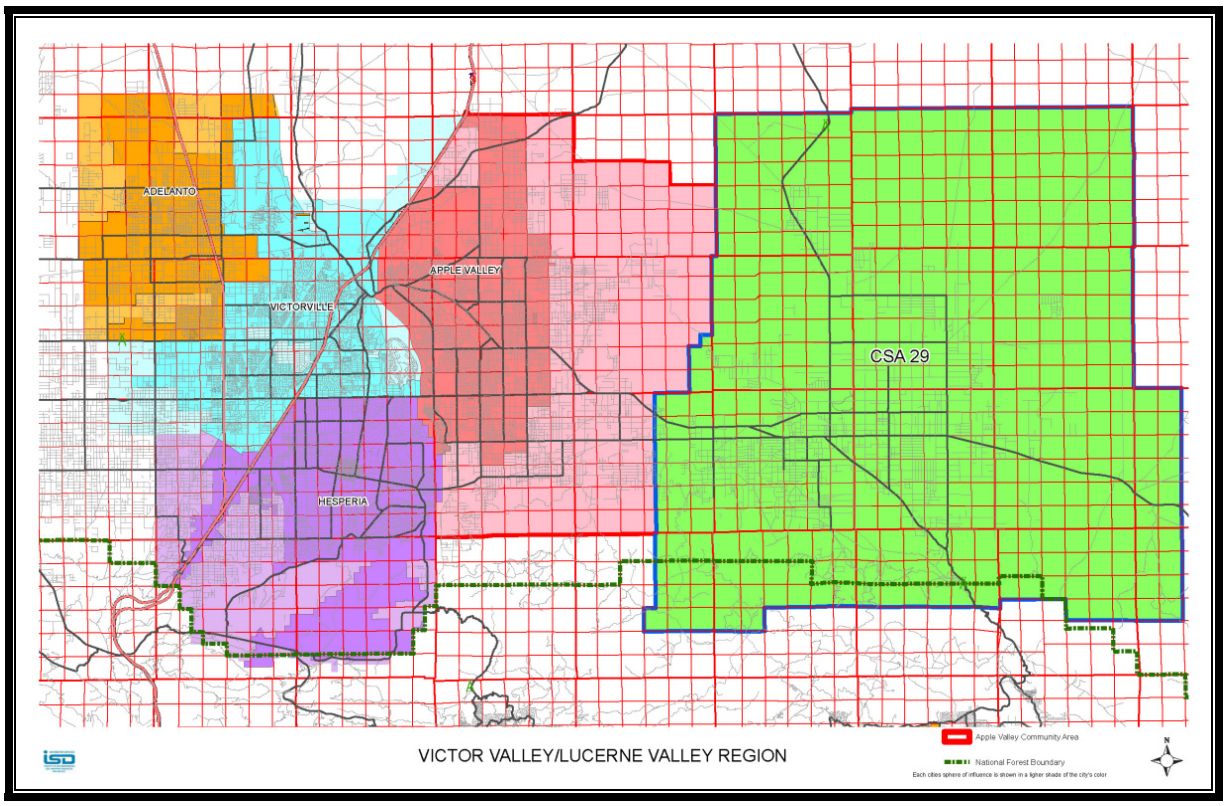
San Bernardino Local Agency Formation Commission (Municipal Service Reviews)

Board of Directors, Juniper Riviera County Water District (Sphere of Influence Expansion LAFCO 3005)

INTRODUCTION:

San Bernardino LAFCO has chosen to undertake its Municipal Service Reviews on a regional basis, further refined by its community-by-community approach to sphere of influence identification. This report contains the municipal service reviews and sphere of influence updates for the public agencies within the overall Apple Valley Community except for the Town of Apple Valley, municipal service review information for the two largest private water purveyors in the area, and includes a sphere expansion proposal initiated by the Juniper Riviera County Water District.

Since October 1990, LAFCO has defined the community of Apple Valley as the sphere of influence of the Town of Apple Valley. Below is a map illustrating the Town of Apple Valley sphere of influence in a regional context, a copy of which is also included in Attachment #1.



The community of Apple Valley is served by multiple public agencies. The public agencies providing direct services to the residents and landowners within the community are:

Town of Apple Valley
Apple Valley Fire Protection District
San Bernardino County Fire Protection District and its North Desert Service Zone
County Service Area 17 (Streetlights)
County Service Area 60 (Apple Valley Airport)
County Service Area 64 (Spring Valley Lake)
Apple Valley Foothill County Water District
Apple Valley Heights County Water District
Juniper Riviera County Water District
Mariana Ranchos County Water District
Thunderbird County Water District

Regional service providers include the Mojave Water Agency, the Mojave Desert Resource Conservation District, County Service Area 70 (unincorporated County-wide) and the San Bernardino County Flood Control District.

The community is also served by a number of private water entities which includes the Apple Valley Ranchos Water Company and Golden State Water Company, private water companies governed by the California Public Utilities Commission, and a number

of mutual water companies such as Apple Valley Terrace, Apple Valley View, and Rancheritas Mutual Water Companies, which are shareholder owned operations governed by the California Department of Corporations.

COMMUNITY HISTORY:

In the late 1800s the discovery of silver and gold attracted settlers to the area now known as the community of Apple Valley. In the early 1900s the federal government made thousands of acres available to homesteaders, and the rise in apple farming ensued. In the early 1900s, health retreats developed within the community due to the area's dry desert air climate for treatment of asthma and/or consumption (tuberculosis), and following World War I veterans recuperated at ranches in the community for the same reason. As for the name of the community, there is no definite source for the name of Apple Valley. One version is that the name arose from the abundance of apple orchards during the 1920s. Another version has the name coming from the Appleton Land Company, a developer in the area during that time. A third possibility is that an early settler, Ursula Poates, stated that apples were grown along the river but not by the ton. [1]

Population of the area increased when the Apple Valley Building and Development Company (also known as Apple Valley Ranchos Land Company) began developing the area in 1946. Historically, land uses in the community involved mining, quarrying (a type of open pit mining), ranching, and agriculture. Since World War II, the area has experienced significant residential growth with a decreasing percentage of land devoted to agriculture (Town of Apple Valley General Plan, 1998). A second growth spurt took place in the 1980s when development in the community consisted mainly of single family homes on one acre or larger lots.

According to the Town's Incorporation Feasibility Study prepared in 1986/87, incorporation was advocated as it would increase law enforcement protection, improve transportation needs, and provide greater local control over growth.[2] Following LAFCO approval of the incorporation application (LAFCO 2470) and local voter approval, the Town of Apple Valley incorporated in November 1988. Further, the Town's Comprehensive Annual Financial Report for 2006, identifies that incorporation was initiated due to a general dissatisfaction with uncontrolled growth.

An element of the Town's incorporation reorganization established the Apple Valley Water District as subsidiary district of the Town while detaching the Town territory from County Service Area 17 (streetlights), and made minor boundary adjustments for the Apple Valley Fire Protection District and Apple Valley Recreation and Park District. The Apple Valley Fire Protection District, the Apple Valley Recreation and Park District, County Service Area 60 (airport), and a portion of County Service Area 64 (identified as Spring Valley Lake Equestrian Center) continued to overlay and serve the incorporated area as a function of the incorporation approval. Of note, the Apple Valley Water

[1] Town of Apple Valley. website, www.applevalley.org, Last Updated February 28, 2008. Accessed March 3, 2008.
[2] Town of Apple Valley, Comprehensive Annual Financial Report, (2006), ii.

District provided the management and operation of the sewage collection system for the area while actual delivery of retail and domestic water service was, and continues to be, provided by private and mutual water companies within the boundaries of the Town, primarily Apple Valley Ranchos Water Company and Golden State Water Company (formerly known as the SoCal Water Company).

Other significant boundary actions have taken place since the Town's incorporation. First, the Town of Apple Valley sphere of influence was established in 1989/1990, through LAFCO 2528, defining the community of Apple Valley. Second, the Apple Valley Recreation and Park District was dissolved in 2001 by LAFCO 2868. The Town assumed responsibility for providing recreation and park services to the territory of the former district, which included the approximate 74 square miles within the corporate boundaries of the Town with an additional 92 square miles outside of the Town's boundaries. The Town's recreation and park department area of responsibility remains significantly larger than the corporate limits of the Town's. A chronology of the major governmental events in the history of the community is as follows:

1951 The Apple Valley Fire Protection District is formed. It is the first local independent agency for the burgeoning community of Apple Valley.

1953 The Apple Valley Park and Recreation District is formed to provide for organized park services for the community.

1975 The Apple Valley County Water District is formed (LAFCO 1484) to establish an agency to provide collection and transportation of wastewater to the regional treatment plant being proposed. Originally this independent agency was the contractor for this service and when the Joint Powers Authority was established it was the agency signing on behalf of the community.

1988 The Town of Apple Valley is incorporated, establishing the Apple Valley Water District as a subsidiary district of the Town, detaching the area from CSA 17, while retaining all other overlying regional agencies. In order to clarify the boundary of this incorporation there was a reorganization of park and fire boundaries along the Mojave River north of Bear Valley Road to remove Victorville based districts from the east side of the Mojave River. The exception to this action was CSA 64 (Spring Valley Lake water and sewer provider) within the area identified as the equestrian center for the Spring Valley Lake Planned Development on the east side of the Mojave River.

1992 Juniper Riviera Water District proposes to expand its sphere of influence by 14 square miles encompassing territory in the Town of Apple Valley sphere as well as territory within the Lucerne Valley community. Opposition to the expansion was received from the Town of Apple Valley and landowners, most notably the group known as Citizens for Water

Conservation. At the time, the adjudication of the Mojave Water Basin had not taken place, but a question regarding overlap of water basin was also identified as a concern. In 1993, the sphere was returned to its coterminous status awaiting further facility planning by the District.

1992/93 The Apple Valley Fire Protection District expands its sphere of influence to the north and to the south beyond the area identified as the Community of Apple Valley (1992). Annexation of a portion of the area, generally the Southwest Portland Cement mine in the Black Mountains area in the northeastern portion of the district, takes place in 1993 to allow for assistance from the Fire District to the commercial mining facility. The annexation allows for the replacement of a contractually set annual payment to the District with inclusion in the District's then-existing assessment districts.

1993 The Apple Valley Water District (entity responsible for wastewater collection and transportation) is dissolved and the Town of Apple Valley is named the successor agency with all its obligations and responsibilities and property tax revenues being transferred to the Town.

2001 The Apple Valley Recreation and Park District is dissolved and the Town of Apple Valley is named the successor agency with all property tax revenues being transferred to the Town. This approval included the requirement that the Town continue to provide the same level of service at the same charge to the areas outside the Town boundaries that were a part of the District as provided within the Town.

2003 A proposal to dissolve County Service Area 60 is initiated by the Town of Apple Valley, but is later withdrawn. The withdrawal by the Town is related to the property tax transfer resolution adopted by the County indicating that only the property tax revenues generated within the boundaries of the Town and its sphere of influence would be transferred; the balance of the revenues would be reallocated to the other underlying agencies.

Absent from this timeline is any activity related to expansion of the four water districts within the Alto sub-basin of the Mojave Water Agency.

The historical, social, and economic center of the community is the Town of Apple Valley, which is generally located 37 miles south of Barstow and 46 miles north of San Bernardino. The terrain of the community varies from the plains adjacent to the Mojave River to steep knolls and mountains such as Bell Mountain and the foothills along the northern face of the San Bernardino Mountains. The primary thoroughfare through the community is State Route 18 and the community is located a short distance from Interstate 15.

Issues that require resolution by the Commission as a part of this Municipal Service Review and Sphere of Influence Update include:

1. Determination of the community of Apple Valley in compliance with Commission policies for spheres of influence.

2. Discussion of the jurisdictional issues for domestic water delivery within the existing Apple Valley sphere of influence and the Apple Valley community as defined by determinations in #1 above.

3. Determination of the appropriate service boundary for the agency providing streetlighting services in the unincorporated Apple Valley community.

4. Review of the service area of County Service Area 60, the funding and operational entity for the Apple Valley Airport.

COMMUNITY OF APPLE VALLEY

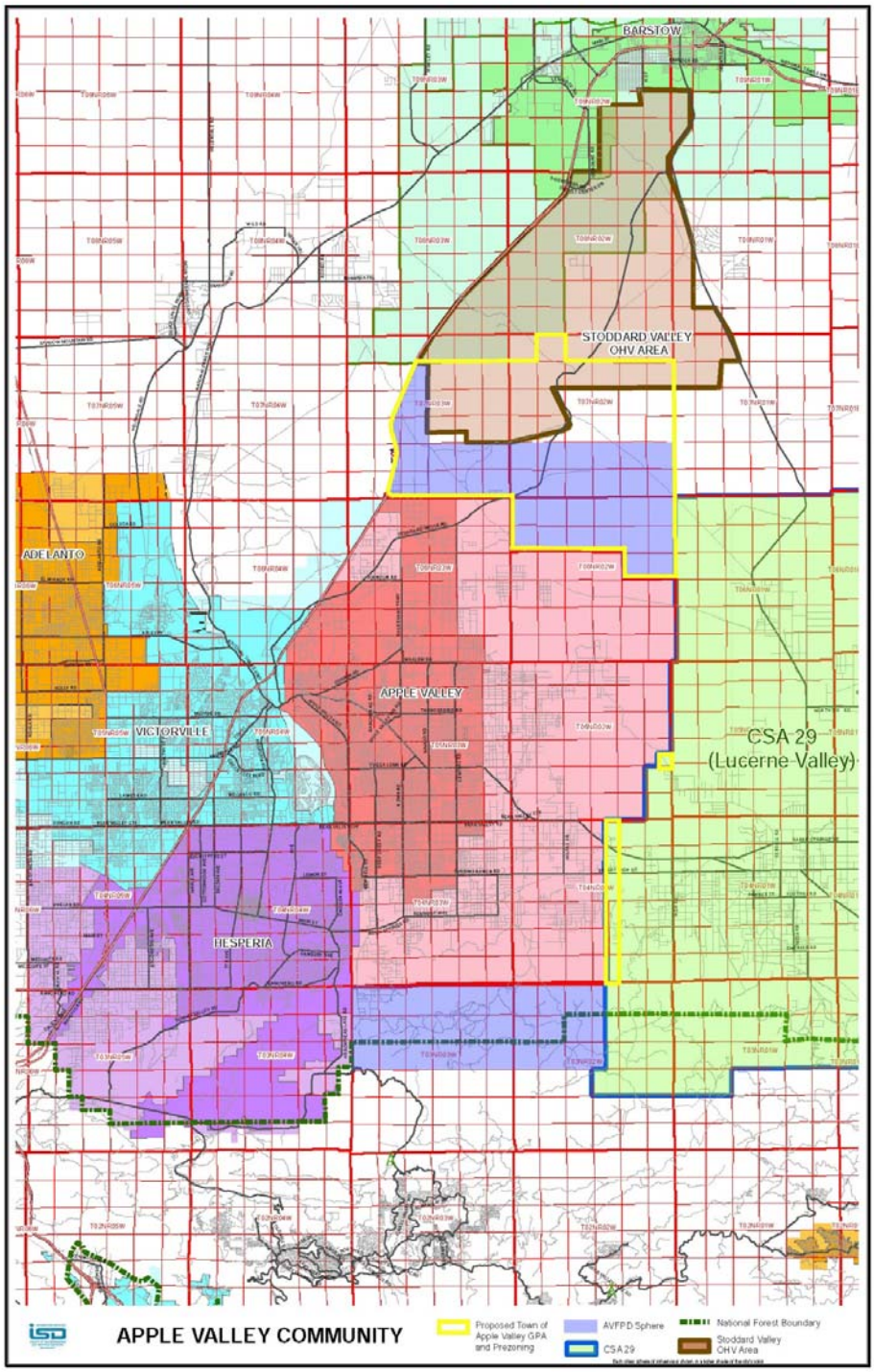
The Commission's policy guidelines for spheres of influence identifies that its approach is defined as a "community-by-community" consideration. This practice employs looking at the whole of the community as defined by the existence of inter-related economic, environmental, geographic and social interests[3]. The Commission's concept is to take this definition designating the area as the sphere of influence for all related service providers.

In the case of the Apple Valley community, for the past 20 years its boundary has been defined by the Town of Apple Valley sphere of influence (LAFCO 2528). However, the Apple Valley Fire Protection District sphere of influence has exceeded this boundary to the north and south since 1992, and the Apple Valley Park and Recreation District boundary, which the Town was designated the successor agency for continuing service following its dissolution, exceeded the existing Town sphere of influence by approximately eight square miles. The Town of Apple Valley, responding to questions outlined during the Municipal Service Review process, has completed a General Plan Amendment which outlined its land use designations for territory within its unincorporated sphere of influence as well as for areas northerly of its assigned sphere. Taking all of these issues into consideration, the first discussion point for this review is:

What is the appropriate definition of the "community" of Apple Valley?

The following map outlines the differences in the various boundary issues described above:

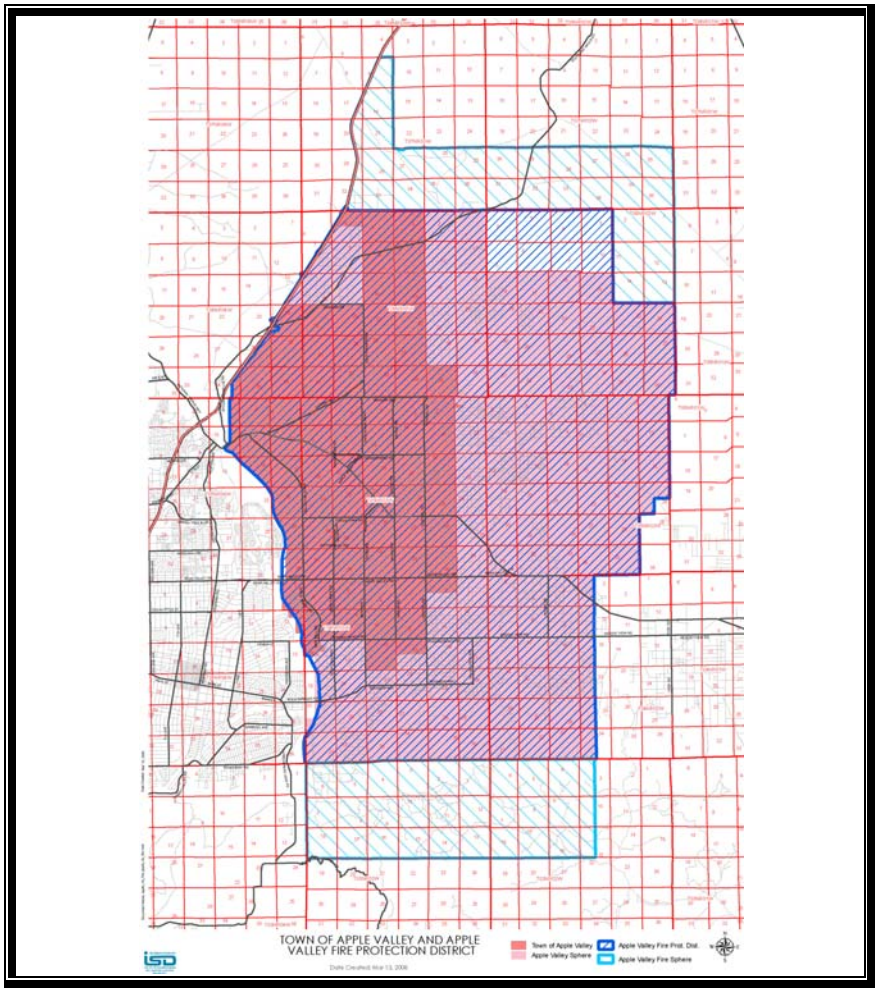
[3] Commission Policy Guidelines for Spheres of Influence



Based upon a review of the materials submitted to the Commission during this service review, prior Commission considerations and the policies for spheres of influence adopted by the Commission, it is the staff's position that the definition of the Apple Valley Community should be modified. This position is based upon the following information:

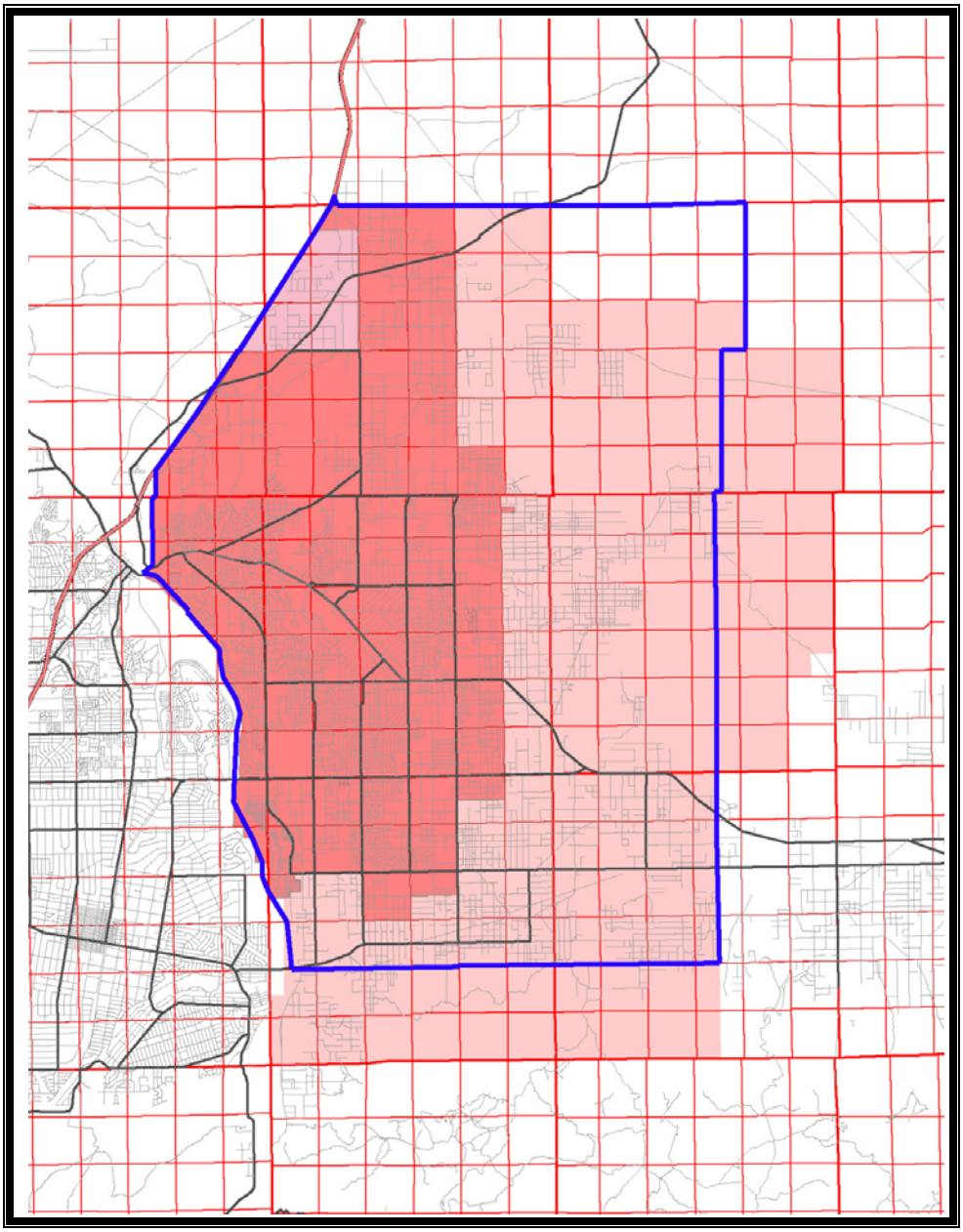
1. Apple Valley Fire Protection District Sphere of Influence:

As noted above, in 1992 the Apple Valley Fire Protection District submitted sphere of influence expansion requests to include territory to the north (LAFCO 2726) and to the south (LAFCO 2724) of the community of Apple Valley so that it could plan for the provision of urban/suburban fire services to these areas. At the time, the territory to the south was within the boundaries of County Service Area 38 (CSA 38), which had no fire station in close proximity to serve the area, and the area to the north was not within the boundaries of any fire provider but was a part of the CSA 38 sphere of influence. The Commission considered the applications and approved a modified northern expansion and the southern expansion in September 1992. The boundaries of the Apple Valley FPD sphere in relation to the Town sphere are shown below:



2. In 2001, the Town of Apple Valley initiated the dissolution of the independent Apple Valley Recreation and Park District (LAFCO 2868). The boundaries of the Park District exceeded those of the Town by approximately 92 square miles,

including eight square miles outside the Town's sphere of influence. A map of this area is shown below:

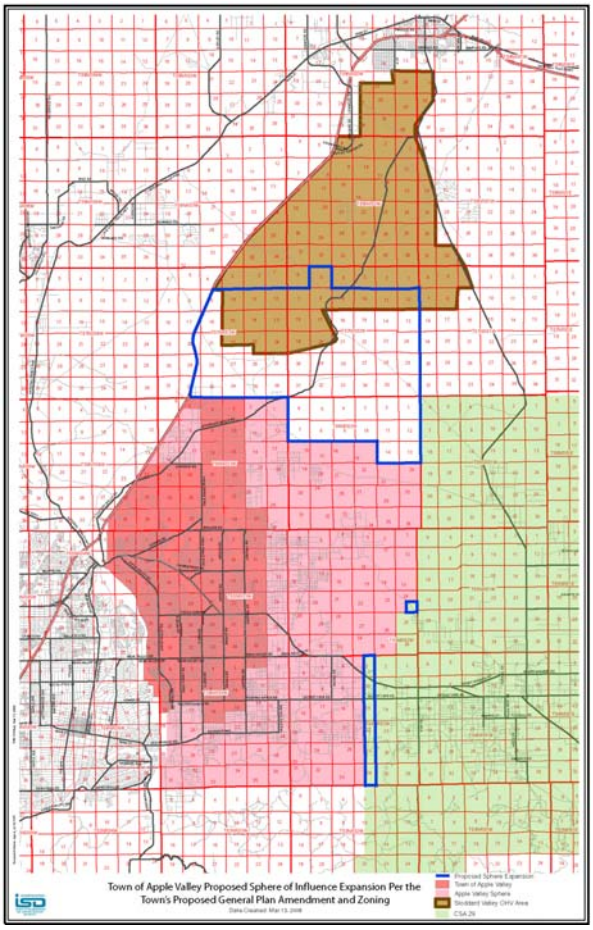


The conditions of approval for the dissolution require that the Town continue to provide the services of the dissolved Park District to the territory within its boundaries. This condition has obligated the Town to provide service to the area of its sphere of influence and beyond. A review of the materials for this action do not identify that the sphere of influence question was reviewed or considered at the time of the Commission's approval of the dissolution.

3. The General Plan Amendment adopted by the Town of Apple Valley in March 2008 also included a Development Code Amendment and a Pre-zone for territory within the Town's sphere of influence and beyond. This action was, in general, at the request of LAFCO staff in the early discussions of the Municipal Service Review/Sphere of Influence Update. These discussions centered on the "Responsibility/Obligation for a Sphere Area" as outlined by the Commission's policy guidelines for spheres of influence. The policy language reads as follows:

> "*When a sphere of influence is assigned, a city or district is required to commence long range land use and service planning activities, thereby enabling it to respond to any annexation requests it might receive from landowners or residents within the sphere. By accepting a sphere of influence, a city or district agrees to plan for the provision of services."*

Prior to March 2008, the Town of Apple Valley had not included its unincorporated sphere of influence within its General Plan documents. Therefore, it did not have a land use designation to respond to landowners seeking consultation on annexation. The map below identifies the territory within the Town's proposed land use action, as areas within the existing sphere of influence of the Town of Apple Valley and those areas beyond that boundary:



The General Plan Amendment action included 192 square miles, 70 square miles larger than the Town's existing sphere of influence, which adopts and assigns the existing land use designations of the County General Plan worded in keeping with the Town of Apple Valley land use designations. This action required a Development Code Amendment to clarify the land use designations between the County and Town Codes.

In evaluating these changed circumstances the staff has reviewed options to more clearly define the Apple Valley community so that further discussion of the municipal service review and sphere of influence updates can take place. In the staff view, those options are:

1. Indicate that the Apple Valley community shall be considered to be the existing sphere area assigned the Town of Apple Valley and the review of the various service agencies – Apple Valley Fire Protection District, CSA 17, and Public and Private Water providers will be evaluated within that community;

2. Indicate that the Apple Valley community shall be considered to be the larger territory of the Apple Valley Fire Protection District;

3. Indicate that the Apple Valley community shall be considered to be the territory included within the Town of Apple Valley General Plan as revised in March 2008; or,

4. Indicate that the Apple Valley community shall be considered to be a combination of portions of the prior three options.

It is the staff's position that the Apple Valley community should be defined by a combination of the various items listed above. Specifically the existing community should be expanded to include:

- Expansion to the north to encompass the area currently within the Apple Valley FPD sphere and the General Plan Amendment area, excluding the territory of the Stoddard Valley Off Highway Vehicle Park territory included within the General Plan Amendment. The territory of the Stoddard Valley Off Highway Vehicle Park has been excluded as it has no requirement for municipal level services based upon the public nature of the land holdings and uses and its recent inclusion within the San Bernardino County Fire Protection District for fire suppression, emergency response and rescue;

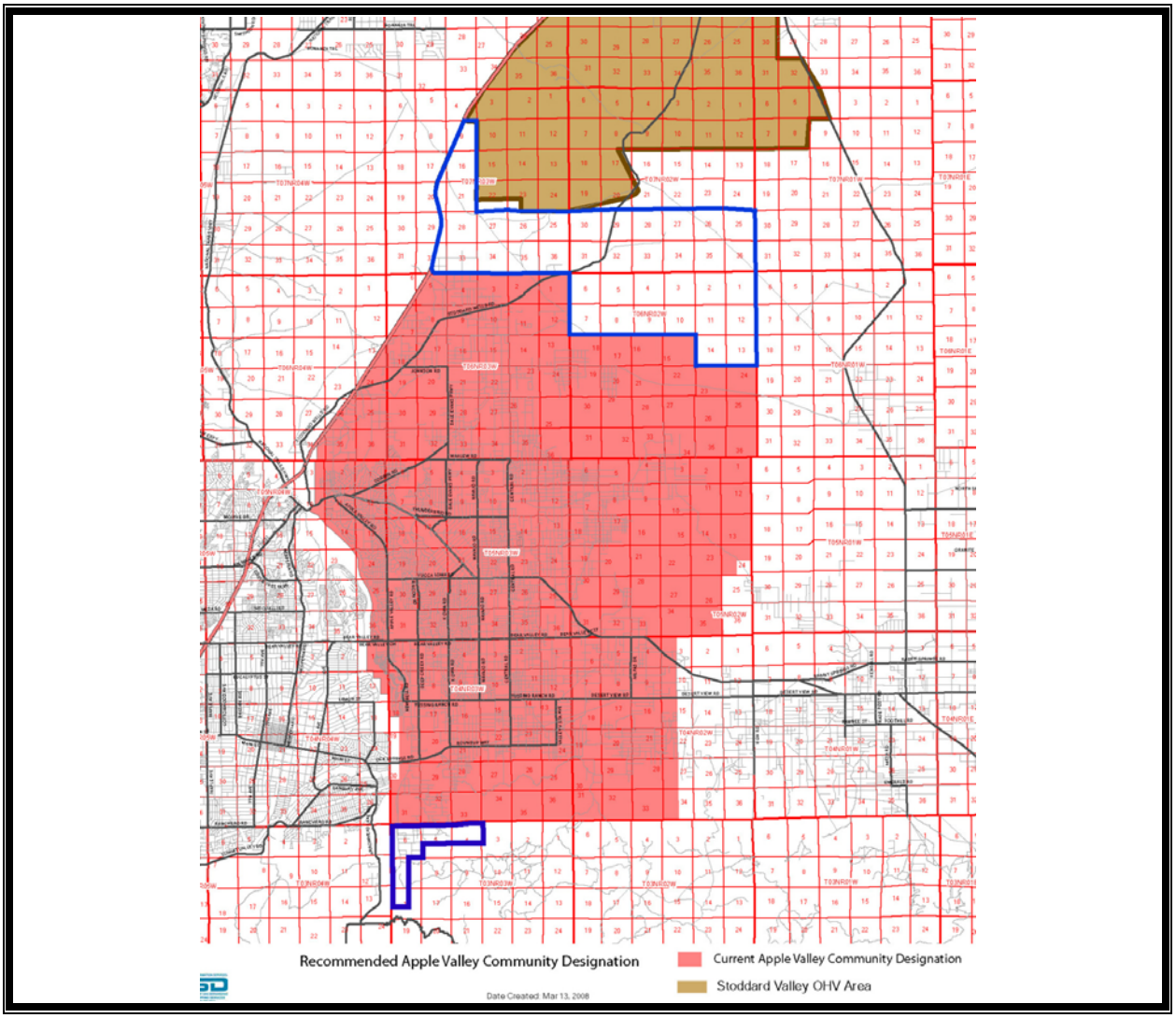
- Retention of the division along the eastern edge as it abuts the boundaries and sphere of influence of County Service Area 29 which also defines the boundaries of the Lucerne Valley Community Plan. This will exclude those areas (approximately 3.25 square miles) within the Town General Plan

Amendment which extended into the Lucerne Valley Community;

- Expand the community to the south to include the private lands along the Mojave River. This will include approximately three square miles of territory currently within the Apple Valley Fire Protection District sphere but will exclude that portion of the existing Apple Valley Fire Protection District sphere of influence generally composed of public lands (approximately 23 square miles); and

- In general, affirm the definition of the community along the west by the existing City of Hesperia/City of Victorville/Town of Apple Valley sphere with further refinements as outlined in the sphere of influence updates within this report.

The staff's recommendation for the definition of the community of Apple Valley is illustrated below with the expansions shown in blue:



The evaluation of the balance of the municipal service reviews and sphere of influence updates will be based upon the above described determination of the community of Apple Valley.

APPLE VALLEY FIRE PROTECTION DISTRICT

INTRODUCTION:

The Apple Valley Fire Protection District (hereinafter either AVFPD or District) prepared a service review consistent with LAFCO's policies and procedures and the factors required by Government Code Section 56430. The District's response and supporting materials are included as Attachment #2 to this report and are briefly summarized in the information which follows.

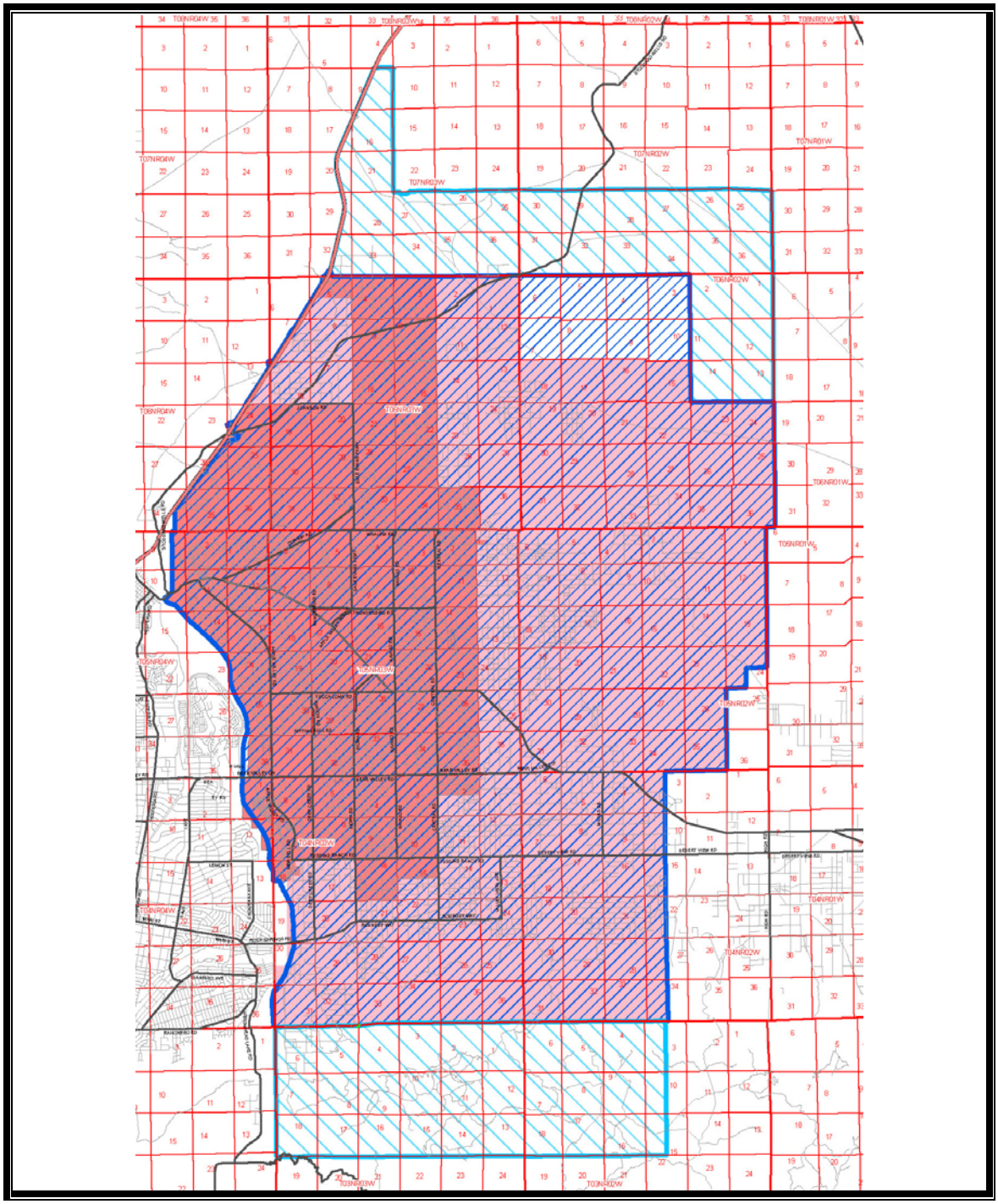
The Apple Valley Fire Protection District is an independent special district formed in 1951 and reorganized in 1962 under the "Fire Protection District Law of 1961". It currently operates under the Fire Protection District Law of 1987, Health and Safety Code Section 13000 et seq. The purpose of the District is to provide fire protection services to the community of Apple Valley which includes the whole of the Town of Apple Valley and the surrounding area. The District comprises 206 square miles and is governed by an elected five-member board of directors. The District is currently authorized by LAFCO to provide fire protection services, ambulance, and emergency rescue services.

The last annexation for the District was LAFCO 2807 in 1996 when the boundaries of the District, the Victorville Fire Protection District, and County Service Area 38 were realigned along the I-15 corridor to simplify emergency response to the freeway corridor, thereby reducing the potential for confusion for dispatchers and service providers.

BOUNDARIES:

The service review and sphere study area is located in the north desert portion of the County. The District is generally bordered on the north by a combination of the Barstow Fire Protection District, Sorrel Trail, and Lucerne Valley Cutoff; on the east by County Service Area 29 (Lucerne Valley); on the south by parcel lines which is north of the National Forest boundary; and on the west by a combination of the Hesperia Fire Protection District boundary and sphere, Victorville Fire Protection District boundary and sphere and I-15. The District's sphere of influence has two distinct areas consisting of approximately 36+/- square miles to the north and approximately 28+/- square miles to the south. Below is a map of the District's current boundaries and sphere.

Map of Current Apple Valley Fire Protection District Boundaries and Sphere of Influence



As discussed in this report, staff is recommending modifications to the District's sphere of influence along its western boundary to clarify service delivery along the Mojave River generally following parcel lines north and south of Bear Valley Road as well as providing for a reduction in the south to exclude the public lands.

MUNICIPAL SERVICE REVIEW SUMMARY

The Apple Valley Fire Protection District (AVFPD) prepared a service review consistent with San Bernardino LAFCO policies and procedures. The District's response to LAFCO's original and updated requests for materials includes, but is not limited to, the District's audits, budgets, and Master Plan. The Master Plan for the District addresses current levels of services and operational efficiency as well as generally describing benchmarks and thresholds for future fa cility and service needs.

Growth and population projections for the affected area.

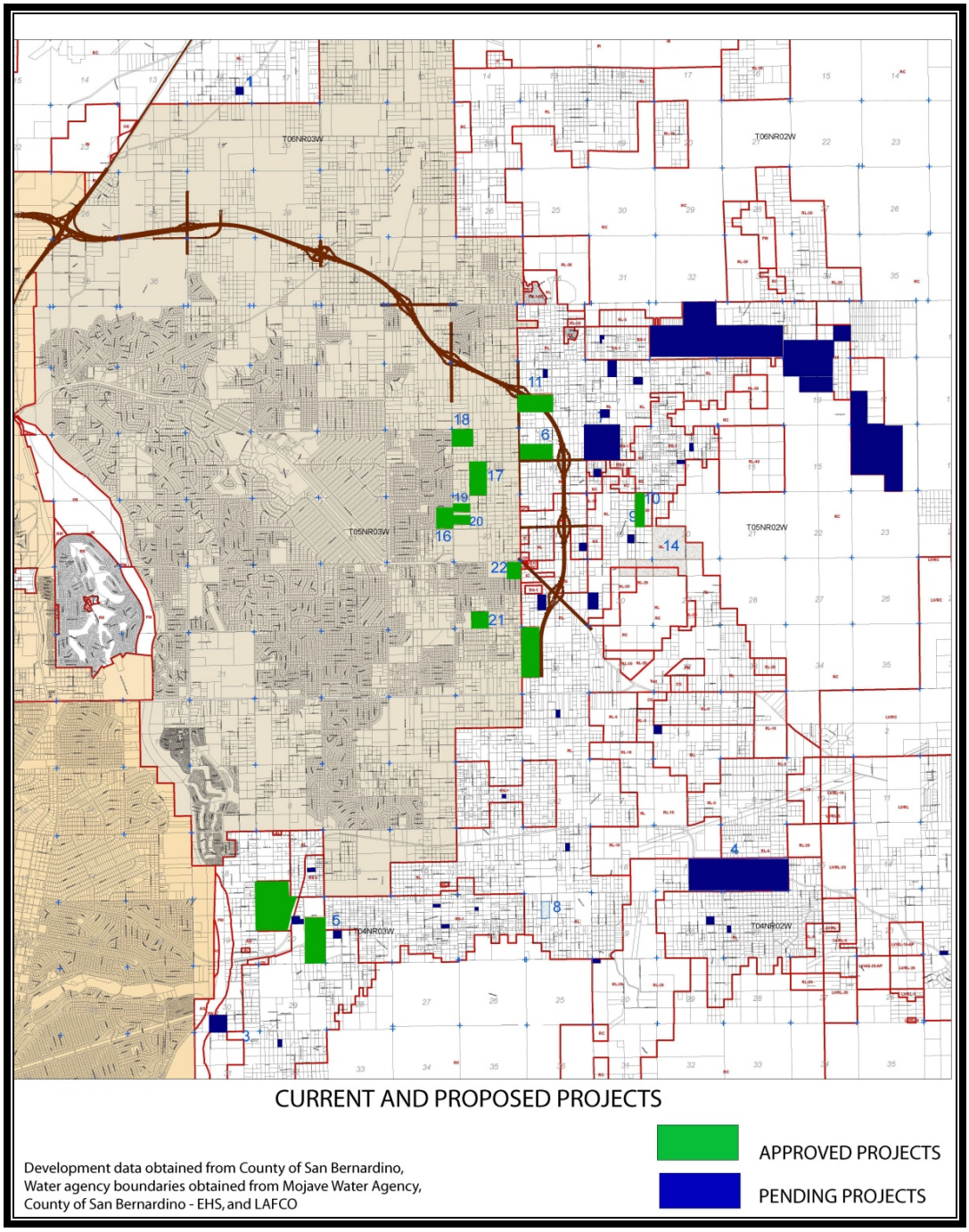
The District had an estimated population of 60,076 in 2003. Historic trends indicate moderate to high growth within the district's service area, and significant growth continues in both the incorporated and unincorporated area of the District. Potential construction trends include condominium projects and tract developments through General Plan amendments, which would increase the need for fire-related public services within the area.

According to the County's General Plan, the sphere of influence of the Town, which generally conforms to the District's boundaries, has an estimated residential dwelling unit build-out of 21,450 dwelling units. Utilizing the County's General Plan coefficient of 2.68 persons per household for the Desert corresponds to an estimated build-out population of 57,486.

However, over the past four years LAFCO staff has received project notices from the County for the unincorporated area which anticipate General Plan Amendments, tentative tract developments, and Conditional Use Permits for increased residential development in areas of the District. A review of the project notices on file indicates from 2004 through the present projects with the potential for creation of 5,542 lots have been submitted for County Land Use Planning review. The larger of these projects include the following:

PROJECT NAME	YEAR SUBMITTED	NUMBER OF RESIDENTIAL UNITS
Fairview Valley (Hacienda)	2007	3,114 residential units
Deep Creek Project (Tract 16569)	Unknown	220 residential unit
Tract 17252	Unknown	126 units (lot sales)
Tract 18371	2006	204 residential units
General Plan Amendment	2006	235 residential units
Conditional Use Permit for mobilehome park	2006	152 spaces on 39 acres
Tract 17557	2005	199 residential lots
Tract 17500	2005	97 residential lots
Tract 17252	2004	134 residential lots
Richmond Tract	2006	336 residential lots

The following figure shows the location of the larger projects submitted to the County Land Use Services Department, identifying those approved and those proposed as well as large scale projects approved within the Town's boundaries:



Utilizing the General Plan's 2.68 persons per household for the Desert region to the number of proposed dwelling units calculates to an estimated build-out population of

72,338. This would alter the total build-out population of the District's boundaries to an estimated 249,338 (the current build-out population of the Town estimated to be 177,000 based upon the current Town General Plan plus the revised County General Plan) in the estimated planning horizon of the year 2030. Historic trends indicate moderate to high growth within this area, and significant growth continues within the Town's boundaries and its sphere. In addition to residential development in the sphere, new industrial and service-oriented developments are planned within the Town, along with a major regional circulation improvement called the "Beltway High Desert Corridor".

Given this, significant growth impacts the service delivery provided by the District and its resources to fund those services.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

The District owns and operates seven fire stations within its boundaries all of which are within the existing boundaries of the Town of Apple Valley. The locations of these stations are shown on maps in Attachment #2 and are identified as:

Station 331	22400 Headquarters Drive (Headquarters)
Station 332	18857 Hwy 18
Station 333	20604 Hwy 18
Station 334	12143 Kiowa Rd
Station 335	21860 Tussing Ranch Rd
Station 336	19235 Yucca Loma Rd
Station 337	19305 Jess Ranch Rd (Newest Station)

Staffing levels meet the needs of the community with full-time, part-time, and volunteer personnel providing for fire suppression, prevention, and paramedic services.

According to the Master Plan, the Fire District serves territory within many older water systems operated by small water districts as a well as two larger private water companies. According to the District, the majority of the water purveyors meet the District's minimum standards (500 gallons per minute) required for fire flow for residential developments. However, new County standards require increased fire flows depending upon the location of the development which are not met by the smaller public water agencies.

Those areas without adequate water systems must be served differently by the AVFPD. There are also homes built outside of the area served by a water purveyor. While these homes may have wells, the District must provide additional equipment to provide adequate water for suppression purposes. These areas require different types of fire apparatuses, as well as more apparatuses to respond than those areas where the water systems provide sufficient and reliable fire flow, to augment capabilities.

The District covers a large geographical area in comparison to other fire agencies of similar budgets and resources. Therefore, consideration must be made for future facilities and their placement to accommodate anticipated future growth. An increase in the population will require additional fire fighting resources. According to the Master Plan, land use density affects the required level of fire service delivery. More intense land use equals a greater potential for large fires and large dollar loses and requires a substantial increase in the efforts of fire prevention related activities. In addition, an increased population produces a correspondingly higher volume of emergency responses. Infrastructure needs will include roads and water improvements as well as fire station facilities.

The District has made projections for future growth and has purchased property in those areas in anticipation of future facility needs. The seventh fire station, located in the Jess Ranch/Pulte Development area, became operational in 2007. The District also owns four sites in different areas of the district, currently vacant, which are anticipated to serve as potential sites for future use.

Additionally, to mitigate the effects of increased population and land use density, the District coordinates with water purveyors to increase water/fire flow storage capacity in developing areas. The District works with the Town and County to ensure fire related public safety matters are considered when developing zoning and related codes/ordinances.

Financial ability of agencies to provide services.

Overall, the District is in good financial shape. The District's primary source of revenue is generated from property taxes. In addition, a fire suppression special tax is levied on all parcels within the District for the funding of fire and emergency medical/rescue (paramedic) service. When the special tax was approved at an election in 1997 it established categories of tax with an annual inflation factor not to exceed 2%. The chart below identifies the original rate and the rate placed upon the 08-09 Tax Bills:

	1997 Rate	Current Rate (FY 08-09)
Vacant Lands:		
0-10 acres	$15.00	$18.25
10.01 – 24.99 acres	$38.00	$46.23
25 or more acres	$61.00	$74.22
Residences	$47.00	$57.21
Commercial:		
0-5000 sq. ft	$135.00	$164.25
5,001—20,000 sq. ft.	$200.00	$243.33
20,001—50,000 sq. ft.	$300.00	$364.99
50,001 sq. ft or more	$400.00	$486.63
OTHER (includes agricultural buildings and private owned light aircraft, T-hangers)	$40.00 per building/unit	$48.66 per building/unit

However, this revenue source was imposed for a maximum 20 year period which will end in 2018. Prior to expiration of the special tax, the District will need to take action to replace these revenues, either by an extension vote or a new tax, since it accounts for approximately 34% of district revenues according to the materials submitted.

These two sources (property and special taxes) combined represent 89% of the District's revenue according to its most recent audit, for FY 2005-06. For the same year, governmental revenues increased 7.3%, assets exceed liabilities by roughly five million dollars, and the governmental funds ended with balances of slightly over two million dollars, an increase of $109,348 over the prior year. For FY 2004-05, the District experienced similar increases in its general funds.

Effective FY 2007-08 the District receives development impact fees from the territory within the Town of Apple Valley. The Town collects these fees on behalf of the District. However, the County lands within the District are not charged a development impact fee. Imposition of this source of funding throughout the District would provide additional revenues to fund the provision of additional facilities to provide the full range of their services without regard for affiliation. The current system is not equitable in funding resources. However, to date, the District has not formally contacted the County in regard to imposition of a development impact fee within district boundaries. The County is currently analyzing the potential for imposition of development impact fees for various types of service, fire protection being one. If such a development impact fee system is approved by the County, LAFCO staff would recommend that the territory within the Apple Valley FPD and other independent fire providers also be provided these revenues.

According to the service review materials provided, sources of funding for future fire stations and related facilities may include revenue generated by an increased tax base, benefit assessments, developer assessments, formation of Mello-Roos Community Facilities Districts, or a combination of the above. The District coordinates with the Town and County land use departments to assure adequate funding resources for fire services are a part of the development approval process.

<u>Status of, and opportunities for, shared facilities.</u>

The District has a cooperative agreement with the Apple Valley Ranchos Water Company to utilize emergency standby power generators and fueling facilities. The District has also engaged with other agencies, such as the Town and the school district, to explore future co-location of facilities where it will serve the public interest. The Town's Emergency Operations Center is located at the District headquarters. The District also allows the use of its meeting rooms by other local agencies and community groups.

Accountability for community service needs, including governmental structure and operational efficiencies.

The District provides "all risk" emergency response, including emergency medical services at the EMT-P (paramedic) level. Staffing levels meet the needs of the community through the use of full-time, part-time, and volunteer personnel. The District has upgraded its communications systems for intra-agency communication, emergency dispatching, and national and state reporting systems.

Operational efficiencies are realized through several joint agency practices. The District is a member of two Joint Powers Authorities (JPA): (1) the Regional Fire Protection Authority provides emergency dispatching services. Other members of this JPA include the Town of Apple Valley and the City of Victorville. Through contract, this JPA provides dispatching service to the community of Barstow, Big Bear City, Big Bear Lake, Daggett, Newberry Springs, and Yermo. And (2) the Public Agencies Self-Insurance System, provides worker's compensation protection to workers. Additionally, the District and the Town have developed partnerships that provide cost-sharing and efficiency opportunities for each agency. Such practices include a cooperative agreement whereby the Town provides grant writing and management for the District and a cost sharing Disaster Preparedness Management Services Program, which is administered by the District on behalf of the Town.

Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;

2. Other potential government structures changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Agreements:

The AVFPD provides for service outside its boundaries through automatic and mutual aid agreements. It has automatic aid agreements with the Victorville, Hesperia and Barstow Fire Protection Districts and the newly reorganized San Bernardino County Fire Protection District North Desert Service Zone which succeeded to agreements with CSA 38 and CSA 29. No other out-of-agency agreements have been identified.

Other Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address all possible options. For the AVFPD those options include:

1. Dissolution – A proposal could be submitted to dissolve the district and have the Town of Apple Valley or the San Bernardino County Fire Protection District succeed to the Apple Valley Fire Protection District. When the Town incorporated in 1988, the chief proponents intentionally left the Apple Valley Fire Protection District and the Apple Valley Park and Recreation District as independent agencies serving the communities, unaffected by cityhood. This choice was based upon the factor that these agencies were not eligible for establishment as subsidiary districts, as they did not meet the territory and legal requirements. The District still does not meet the eligibility requirements for consideration as a subsidiary district. The staff report for the Town's incorporation states that other options to merge the fire protection function with the new city were explored but were not proven to be financially feasible. The Town and District have expressed no interest in pursuing such reorganization at this time.

2. Consolidation with the surrounding fire agencies (Barstow, Hesperia, and Victorville Fire Protection Districts) is also an option. However, there are geographical and political hurdles relating to local control, which have proven to be the main sticking points in previous discussions with surrounding agencies.

3. A third option would be for the consolidation of the District with the San Bernardino County Fire Protection District. This consolidation would allow for broad coverage, but would need to not only have support from the Apple Valley FPD, it would also require consent from the Town of Apple Valley to a board governed fire protection district overlaying its territory and that the district would be governed by the Board of Supervisors as the ex-officio board of directors. While there are benefits to regionally providing services such as fire protection and potential economies of scale that could be achieved, neither the District nor the Town has indicated support for this option. LAFCO staff would not support this option at the present time since the administrative steps required for fulfilling the reorganization of County Fire have only just begun and they need some time to be resolved. Therefore, in the staff opinion those issues would need resolution before undertaking any discussion of additional responsibilities for the San Bernardino County Fire Protection District.

   In addition, during the County Fire Reorganization, the territory within the District's sphere of influence was included within the boundaries of the San Bernardino County Fire Protection District. It was noted that the County would not oppose the expansion of fire agencies through the annexation process. No detailed discussion of assumption of the District's services was included in that review.

4. Maintenance of the Status Quo – in this scenario the District would continue to operate as an independent special district governed by the Fire Protection

District Law of 1987, Health and Safety Code 13000 et seq. This is the supported option by both LAFCO staff and the District.

Local Accountability and Governance

The AVFPD is governed by a five-member Board of Directors elected at-large to four-year staggered terms. The figure below lists the current Board of Directors, their titles, and terms of office:

Board Member	Title	Term
Rick Piercy	President	2010
Richard Cambridge	Vice President	2008
Larry Cusack	Director	2010
Pat Gabler	Director	2008
Virgil Barnes	Director	2008

In addition the District maintains a routine hearing scheduled before the Board of Directors.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission modify the District's sphere of influence along the Mojave River north and south of Bear Valley Road to realign the boundary along parcel lines, to amend the southerly sphere of influence to include only the private lands easterly of the Mojave River, and to affirm the remainder of the District's sphere of influence.

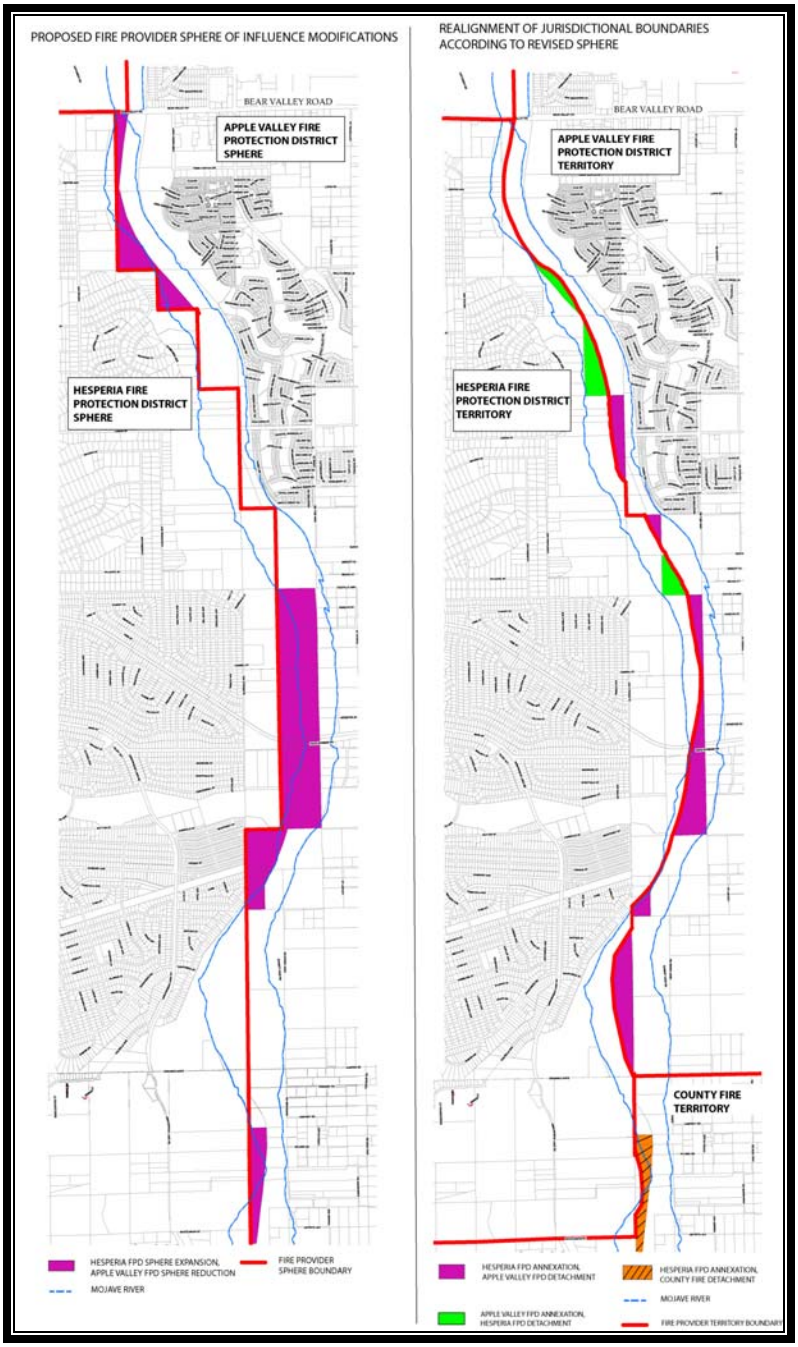
LAFCO staff also recommends that the Commission affirm the function and services provided by the Apple Valley Fire Protection District as follows:

FUNCTIONS	***SERVICES***
Fire Protection	***Structural, watershed, rescue, ambulance, paramedic, suppression, prevention,***

The District's boundary currently encompasses approximately 206+/- square miles. Its sphere of influence has two distinct areas consisting of approximately 36+/- square miles to the north and approximately 28+/- square miles to the south. The District's submitted materials have indicated that no modification to the existing sphere is currently anticipated.

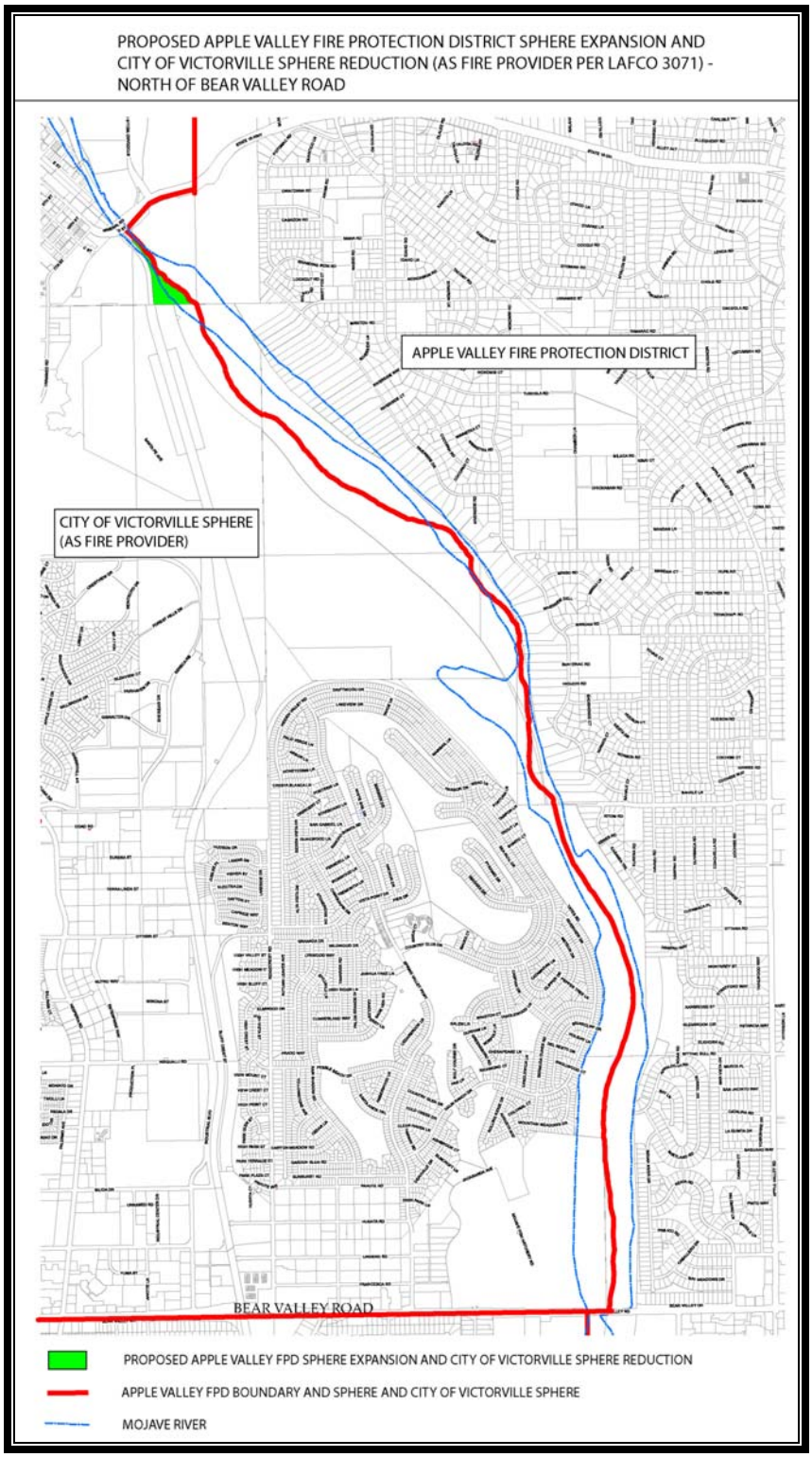
However, following LAFCO staff review, it is staff's recommendation that the Commission modify the sphere of influence of the District along the Mojave River southerly of Bear Valley Road to eliminate the split parcels and service responsibility confusion that has existed in the past through the use of the ever changing centerline of

the Mojave River as the dividing line. In addition, staff recommends that the Commission clarify the location of the sphere of influence along the central edge along Highway 18 at Stoddard Wells Road. These changes identified along the Mojave River have been discussed over the past 15 years to clarify service responsibilities. The recommended changes along the Mojave River are shown on the following maps and are included in Attachment #2 to this report.



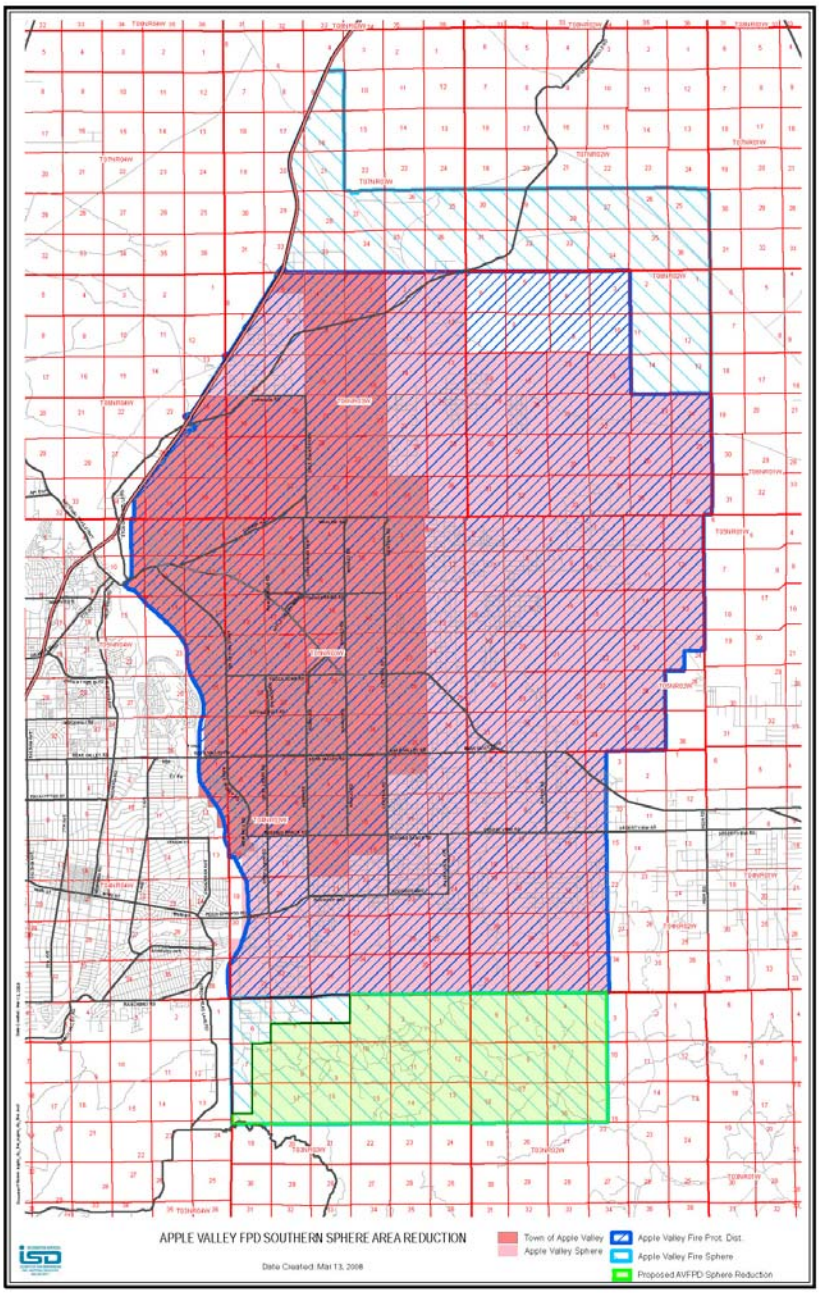
For the northern area along the Mojave River, there is a single change which will realign the sphere boundary south of Highway 18 at the entrance to the Town. This

realignment will take the boundary to the railroad right-of-way clearly defining the service responsibility. This area is shown on the map included in Attachment #2 and below:



In addition, staff is recommending that the southern sphere of influence of the District be modified to exclude the public lands, approximately 25 square miles, from the sphere of influence. This recommendation is based upon the inclusion of this territory in the San Bernardino County Fire Protection District and the lack of development potential for the area.

This modified sphere of influence corresponds to the staff recommendation for the Community of Apple Valley as shown earlier in this report and is shown below:



When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, the District is authorized the function of fire protection. The current service authorization for the district within LAFCO's "Listing of Special Districts Functions and Services (Exhibit A)" is listed as follows:

Apple Valley	Fire Protection	Structural, watershed, rescue, ambulance, paramedic, suppression, prevention

Neither the staff of LAFCO nor the District proposes any changes to the District's authorized functions and services.

FACTORS OF CONSIDERATION:

The District was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

Present and Planned Uses

Present uses within the sphere include the full range of densities from high density to non-developable land. Land uses also include the full range that includes open space, residential, and industrial. The existing land within the sphere is predominantly undeveloped, open land with scattered residential homes.

As mentioned previously, the area within the District's boundaries and sphere has experienced significant growth since the year 2000. Furthermore, as indicated in the attached map, current development in the unincorporated territory is significant. Such developments include condominium and 7,200 square foot lot projects through general plan amendments. The District indicates that service needs for areas within its sphere will be addressed as development projects are proposed and the need for annexation and financing needs are defined.

The exclusion of the area in the southern portion of the District's sphere of influence is not anticipated for significant development due to the fact that it is primarily publicly owned lands. The few private in-holdings within the area are removed from access to public facilities and are assigned a Resource Conservation (RC) designation by the County indicating a one unit to forty acre minimum parcel size.

Present and Probable Need for Public Facilities and Services

At this time, the District is meeting the needs of the community. However, as the population increases and the uses of the land intensify, the area will require additional fire fighting resources. Therefore, consideration must be made for future facilities and

their placement to accommodate anticipated future growth. According to the Master Plan, land use density affects the required level of fire service delivery. More intense land use equals a greater potential for large fires and large dollar loses and requires a substantial increase in the efforts of fire prevention related activities. In addition, an increased population produces a correspondingly higher volume of emergency responses. Infrastructure needs will include roads and water improvements as well as fire station facilities.

The District has made projections for future growth and has purchased property in those areas in anticipation of future facility needs. The District also owns four sites in different areas of the district, currently vacant land use, which could serve as potential sites for future use. Additionally, to mitigate the effects of increases population and land use density, the District works with water purveyors to increase water/fire flow storage capacity in developing areas and works with the Town and County to ensure fire related public safety matters are considered when developing zoning and related codes/ordinances.

Present Capacity of Public Facilities and Adequacy of Public Services

Current facilities and services delivered are adequate. The District owns and operates seven fire stations within its boundaries. Staffing levels meet the needs of the community with full-time, part-time, and volunteer personnel. According to the Master Plan, the Fire District has many older water systems operated by small water districts within its boundaries as well as two larger companies. Areas without adequate water systems must be served differently by the fire agency than areas with good water systems. Poor water areas require different types of fire apparatuses, as well as more apparatuses to respond than those areas where the water systems provide sufficient and reliable fire flow.

The funding of facilities and services to developing areas within its boundaries will possibly require development-driven funding sources such as the formation of community facilities districts. In addition, the provision of development impact fees for projects within the boundaries of the Town of Apple Valley versus those developments within the unincorporated area without development impact fees will require that the District establish an equitable mechanism for funding of facilities. The materials submitted have not identified such a mechanism. However, at present the County is evaluating the possibility of imposing development impact fees to address service facilities, including those related to fire protection, and staff would recommend that if such fees are imposed that the independent fire district be included in the distribution.

Social and Economic Communities of Interest

The Town of Apple Valley is both a social and economic community of interest within the District's boundaries and sphere. The community of Apple Valley is in general defined by the boundaries of the Cities of Hesperia and Victorville to the west, the City of Barstow sphere of influence and the Stoddard Wells Off-Highway Vehicle Park on the

north, the Community Plan boundary for the Lucerne Valley Community, which represents the County Service Area 29 boundary, to the east, and the National Forest boundary to the south.

WATER SERVICE ISSUE

Water is the lifeblood for communities located in the desert and those that have access to water thrive, while those without adequate supply will see their service abilities deteriorate. Five of the nine agencies under LAFCO purview in this report are county water districts all located in the unincorporated sphere of influence of the Town of Apple Valley. The Town territory primarily receives water service from two private water companies, the Apple Valley Ranchos Water Company, and the Golden State Water Company, investor-owned utilities, and numerous small mutual water companies.

During its establishment of the original zones of influence (the San Bernardino LAFCO predecessor to sphere of influence) in 1973, staff questioned the long-term feasibility of these five small districts in the Apple Valley area and whether or not they should consolidate. The Districts opposed any discussion of consolidation and in turn, the Commission designated that their zones be coterminous with their boundaries. This designation amplified the Commission's position that LAFCO would consider reorganization of these districts to be under one agency in the future, not an expansion of their individual territories.

In 1994, AB 1335 gave LAFCO the authority to initiate reorganizations of special districts. In response to this new legislative authority, San Bernardino LAFCO drafted a list of 30 potential reorganizations that were possible under these provisions. Those that pertain to the community Apple Valley were:

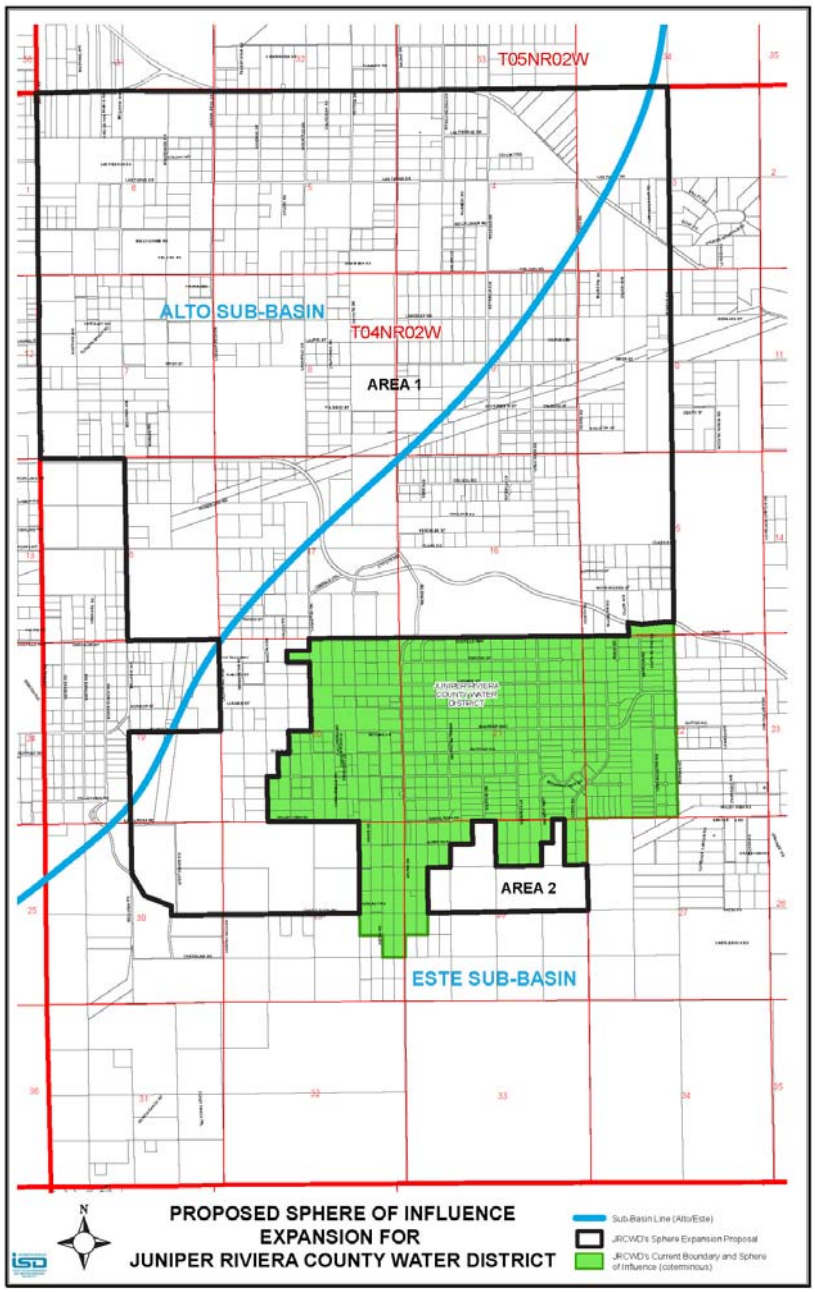
1. Consolidate Apple Valley Foothill County Water District (CWD), Apple Valley Heights CWD, Juniper Riviera CWD, and Mariana Ranchos CWD into one county water district.

2. Establish the Apple Valley Fire Protection District and Apple Valley Park and Recreation District as subsidiary districts of the Town of Apple Valley, subject to the 70% overlay requirement. (The Apple Valley Park and Recreation District was dissolved in 2001 by LAFCO 2868 and the Town assumed responsibility for providing recreation and park services to the former district's territory.)

As an outgrowth of this discussion, the Commission initiated a special study in 1995 of the possible consolidation of the county water districts listed in #1 above. However, following about a year, the study was terminated. The staff report recommending termination of the special study, dated November 6, 1995, stated that the consolidation would be pre-determined for failure without the active support of one or more of the affected districts. The report indicated that the consolidation would almost surely go to an election due to reduced threshold for opposition contained in AB 1335. While the agencies were cooperative with staff's requests for information, none of the districts was supportive of the study and most of the districts expressed vigorous opposition to a consolidation. Therefore, the study for consolidation of these districts was terminated.

However, the initiation of this special study shows the Commission's continuing concern and questions why these districts remain as separate entities.

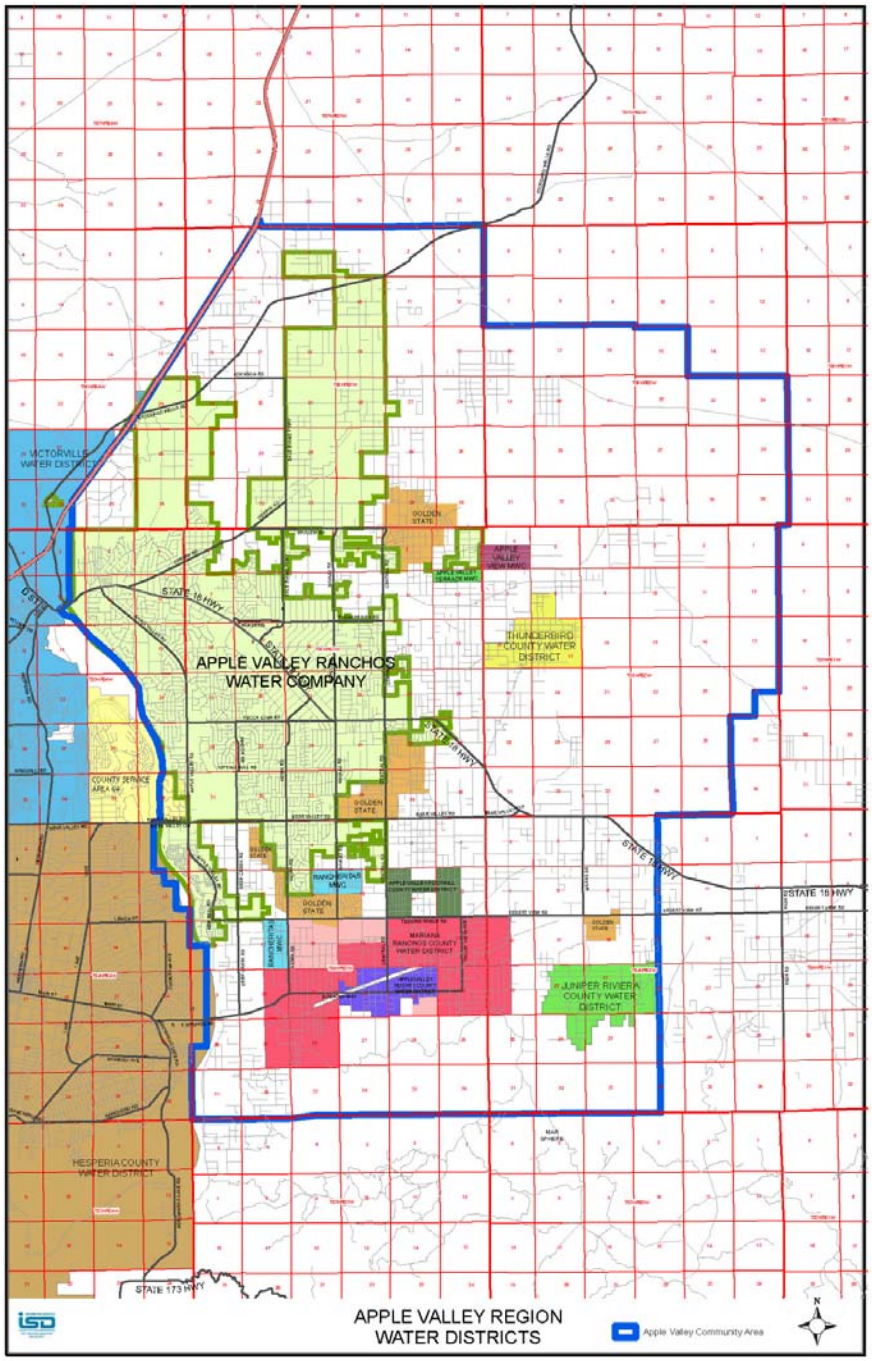
In May 2006, as a part of the municipal service review, LAFCO received a proposal initiated by the Juniper Riviera CWD to expand its sphere of influence. The proposed sphere expansion is included in the District's service review, LAFCO 3005, and requests a sphere expansion of approximately 7,040 +/- acres. The territory proposed for expansion is shown on the map below.



ANALYSIS:

The Apple Valley community is served water from private water companies, mutual water companies, and county water districts. A map of these agencies is included as Attachment #3 and is shown below. For the purposes of this report, only the agencies under LAFCO's purview and the larger private water purveyors in the area, Apple Valley Ranchos and Golden State Water Companies, will be discussed. These agencies are:

1. Apple Valley Ranchos Water Company
2. Golden State Water Company (formerly known as So Cal Water)
3. Apple Valley Foothill County Water District
4. Apple Valley Heights County Water District
5. Mariana Ranchos County Water District
6. Thunderbird County Water District
7. Juniper Riviera County Water District



Regional Water Discussion

These water agencies are within the Alto sub-basin of the Mojave Water Basin Watershed and adjudication with the exception of the Juniper Riviera CWD. The Juniper Riviera CWD is within the Este sub-basin; however, its sphere of influence expansion request extends into the Alto sub-basin of the Mojave Water Basin adjudication area. A map of the Mojave Water Agency adjudication boundaries is

included as a part of Attachment #3. Comparative information related to these companies and districts is shown below:

	Apple Valley Ranchos Water Company	Apple Valley Foothill County Water District	Apple Valley Heights County Water District	Golden State Water Company	Juniper Riviera County Water District	Mariana Ranchos County Water District	Thunderbird County Water District
Date Est'd	1947	July 1, 1957	March 19, 1957	Data not available	March 8, 1976	January 31, 1961	October 13, 1964
Enabling Legislation	Public Utilities Code	Water Code 30000 et seq.	Water Code 30000 et seq.	Public Utilities Code	Water Code 30000 et seq.	Water Code 30000 et seq.	Water Code 30000 et seq.
Services Authorized	Water	Water	Water	Water	Water	Water	Water
Number of Employees	Data not available	4	2 full-time 2 part-time	Data not available	3	4	2
Area	43 sq miles	717 acres	860 acres	4,612 acres	1,350 acres	3,924 acres	1200 acres
Population	50,415 (2005)	550	650	4,111	650	1097	535
Service Connections	18,657 (2006-07)	209	279	2,537	219	399	286

A comparison of the water rates charged by the agencies within the Victor Valley region is found on the chart below:

Victor Valley Water Agency
Rate Comparison (FY 2007-08)
(rates measured in hundred cubic feet)

Agency	Flat Rate	Tier One	Tier Two	Tier Three	Monthly Meter Charge (1" Meter)	Monthly Average Cost
Apple Valley Ranchos Water Company	$1.52	-	-	-	$52.65	$108.65
Victorville Water District Improvement District #2 (formerly the Baldy Mesa Water District)[1, 2]	-	0.63	0.90	0.98	16.43	64.74
Victorville Water District Improvement District #1 (formerly Victor Valley Water District) [1, 3]	1.08	-	-	-	21.00	62.72
Hesperia Water District	-	0.65	0.78	0.96	32.28	87.10
Golden State Water Company – Apple Valley Service Area	2.11	-	-	-	24.05	n/a
City of Adelanto	-	1.85	.95	-	-	20.37
CSA 42	-	1.54	1.72	1.85	48.02	69.13
CSA 64	-	0.53	0.65	0.70	12.30	31.57
Juniper Riviera CWD	-	2.68	2.81	2.95	8.50	40.00
Mariana Ranchos CWD	-	35.00	1.25	1.75	-	n/a
Apple Valley Heights CWD	-	2.25	2.25	3.25	35.00	62.00
Thunderbird CWD	1.50	-	-	-	32.00	48.88
Apple Valley Foothill CWD	-	17.00	1.00	2.00	-	40.00

[1] The Baldy Mesa Water District and the Victor Valley Water District were consolidated in 2007.

[2] Tier rates include an additional 45¢ per HCF and monthly charge includes an additional $10.25 for arsenic removal. Rates and Charges listed took effect in 2008.

[3] Flat rate includes an additional 10¢ per HCF for arsenic treatment and monthly service charge is based upon how much water is used during the billing period and ranges from $13 to $100. The median charge is $21.

The most significant regional issue is present and future water supply. The water supplied for consumption and/or use within the area is pumped from the local groundwater basin. The high growth rate in the region, coupled with a continued overdraft of the groundwater basin, which is the primary source of supply, is an infrastructure deficiency. The groundwater basin is adjudicated under a stipulated judgment that specifies the amount of groundwater that can be extracted by major groundwater producers (those using over 10 acre-feet per year), the purpose of which is to balance water supply and demand and address the groundwater overdraft. Due to the ongoing over-draft of the basin, future supplies are limited and demand will exceed supplies unless other water sources are obtained. This prompts water purveyors to scale back consumption annually, to aggressively promote water conservation measures, to buy more expensive imported water and to develop new supplies. Finding efficiencies in managing limited water supply sources is critical for the future of the community.

Local Water Discussion

While all of the water service agencies cooperate on regional efforts to ensure that water supply is adequate for future needs, there are duplications. Each of the public agencies have their own governing board, legal counsel, management structure, accounting/billing systems, bidding, construction supervision, and purchasing operations. Additionally, given the challenges that the region's water providers face, available water will become increasingly more expensive and all will be attempting to secure these additional supplies in competition with the others. While the agencies grapple with the issue, each agency has its own staff, facilities, and plans.

A single county water district, or other type of public agency authorized water services, could achieve economies of scale, reduce costs, and partially mitigate the inevitable increase in water costs for users. Consolidation of water service providers would also result in more cost-effective service by eliminating duplicative staffing and facilities and would result in one agency coordinating efforts to address all potable water quality issues within the area. These districts actually are a single community of interest. As for future governance of a consolidated district, there are mechanisms to ensure representation from within the current board of directors on the new board to assure retention of historic/institutional knowledge of operations.

In the LAFCO staff opinion, replacing multiple county water districts with a single county water district would be the most effective and efficient delivery mechanism for water delivery service. Further, it would clarify water service provision for residents wanting to develop or receive water service and will provide a more serviceable boundary. Therefore, the staff's recommendation is that the southern water agencies within the Alto sub-basin share a single sphere of influence indicating the Commission's position that they be consolidated.

As noted above, LAFCO 3005 proposes a sphere expansion for the Juniper Riviera CWD. This sphere expansion request includes territory within the Alto and Este Sub-basins of the Mojave River adjudication. LAFCO staff will be recommending that the Juniper Riviera CWD water service be confined to the territory of the Este Sub-basin to provide for ease in accounting for water usage due to differing ramp-down requirements between sub-basins and the elimination of questions regarding transfer of water between basins.

Details of these positions are provided in the service review/sphere update provided below for each of the agencies.

APPLE VALLEY RANCHOS WATER COMPANY

Municipal Service Review

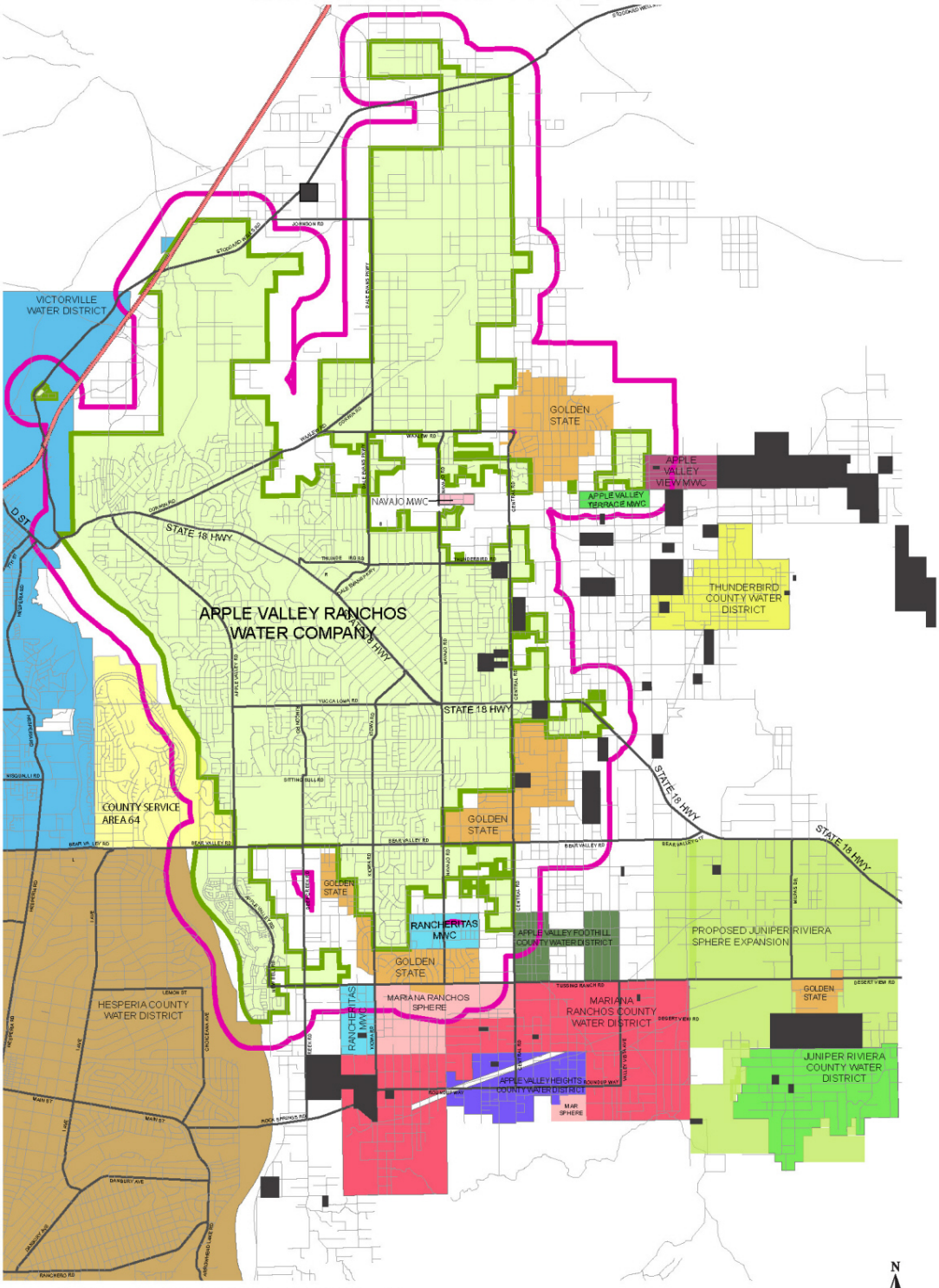
INTRODUCTION:

As the largest purveyor serving within the Town's boundaries and sphere, the Apple Valley Ranchos Water Company (AVRWC) provided information to LAFCO in order for staff to better process the service reviews and sphere updates for the agencies under LAFCO's jurisdiction. AVRWC is a privately owned utility regulated by the California Public Utilities Commission (PUC). AVRWC was created in 1947 by the Apple Valley Development Company as a privately held water company. Over the years the company has been sold on a number of occasions, being held in the 1980s by the Getty Oil Company. However, currently the AVRWC is a wholly owned subsidiary of the Park Water Company, which operates a private water system within the Los Angeles Basin and another wholly-owned subsidiary water company in the State of Montana.

The current service territory of the AVRWC is approximately 43 square miles as defined by the certificated service area assigned by the California Public Utilities Commission. This area encompasses the vast majority of the Town of Apple Valley and portions of its sphere of influence. Currently, AVRWC serves residential, commercial, irrigation, industrial and public authority customers. Because AVRWC is not under LAFCO purview, only the municipal service review information is provided.

However, expansion of the AVRWC certificated service area is limited by territory that is included within the boundaries and/or sphere of influence of a public water agency. The Public Utilities Code, administered by the PUC includes requirements that any expansion request must be accompanied by documentation from the local LAFCO that the area is not served by or within the boundaries of a public water provider. A map of AVRWC is included as a part of Attachment #4. Shown below is a map identifying the water providers in the area, including AVRWC, as well as the major development projects either approved or in the review process with County Land Use Services (copy included as a part of Attachment #3). The development projects filed with the County have identified a water service provider, the majority of which have identified the AVRWC as that provider.

APPLE VALLEY AREA AND VICINITY WATER PROVIDERS



Development data obtained from County of San Bernardino, Water agency boundaries obtained from Mojave Water Agency, County of San Bernardino - EHS, and LAFCO

2000 Ft Buffer From AVRWC And Golden State

CURRENT AND PROPOSED PROJECTS

MUNICIPAL SERVICE REVIEW SUMMARY

AVRWC's response and information from its 2005 Urban Water Management Plan (Plan) are summarized below and are included as a part of Attachment #4.

Growth and population projections for the affected area.

AVRWC had 18,657 active connections as of December 31, 2006 and anticipates a future annual growth rate of approximately two percent. An area of great interest by developers of late is in the northern part of its service area which is located around and north of the Apple Valley Airport. AVRWC is within the boundaries and sphere of the Town and population growth is anticipated to be significant in the future.

Based on the build-out assumptions by the Town of Apple Valley, AVRWC estimates approximately 98,435 customers by 2025 and would reach build-out sometime between 2025 and 2030. Major projects proposed within the eastern unincorporated sphere of influence of the Town of Apple Valley are anticipated to receive water service from AVRWC. These developments will require expansion of the certificated service area of the Company which will impact future expansion of at least the Thunderbird County Water District.

Additionally, when extending service outside of its current service area, a public water company can utilize the PUC definition of contiguous extension as being 2,000 feet or closer to the existing service area. If a private company chooses to utilize this definition, it would not be subject to surrounding agency or public review. As indicated on the map in Attachment #3 and on the previous page, the 2,000 foot buffer from the current boundaries of the private water companies illustrates potential extensions of their territory without surrounding agency or public review. Although it could not extend into another agency's territory, it could encroach upon an agency's sphere of influence without review. In correspondence with LAFCO staff, AVRWC indicated that it would consider 2,000 feet or closer as a contiguous extension, although they have not been able to utilize this definition for a main extension.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

AVRWC spends approximately three to four million dollars per year in company funded capital improvements. Source of supply pumping capacity meets or exceeds the maximum day demand with the largest well out of service. Additional facilities are built as needed and are funded by developers.

AVRWC provides domestic water from 22 wells within its service area in Apple Valley with a total capacity of approximately 31.7 million gallons per day. It also has 8.6 million gallons of storage. The system also has an emergency inter-tie with the Victorville Water District.

The limit to the number of connections that are able to be served is a function of AVRWC's ability to produce water to meet customer demand, which is related to the Mojave Water Agency's ability to import water to replenish the basin. The policy of AVRWC as it relates to pumping capacity is that Maximum Daily Demand (MDD) is able to be provided with the largest well out of service.

Apple Valley Ranchos Water Company has water production rights (also known as Base Annual Production) to assure 13,223 acre-feet (AF) annually. AVRWC is within Alto sub-region, and Free Production Allowance (FPA) is currently at 60% of Base Annual Production, which permits the district 7,934 AF of FPA for FY 2008-09. As noted in the most recent Watermaster Annual Report, "further rampdown is not warranted in Alto at this time" [4]. Producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. As indicated in the table below, the historical trend for AVRWC's water production indicates that it produces more than its FPA. Thus, it has to purchase water from other agencies within the sub-basin to avoid paying the higher replacement water and make-up water rates charged by the Watermaster.

Apple Valley Ranchos Water Company
Water Production and Water Obligations
(units in acre feet unless otherwise noted)

Water Year	Free Production Allowance (FPA)	Carryover from Prior Year	Transfers from Other Water Agencies	Verified Production	Unused FPA or (Water Production in Excess of FPA)	Replacement Water Obligation (Agency overdraft)	Makeup Water Obligation (Watermaster replacement to the sub-basin)
2002-03	9,767	1,994	6,131	(15,009)	2,883	$0	$0
2003-04	9,116	2,883	6,120	(15,711)	2,408	$0	0.07AF at a cost of $11.34
2004-05	8,567	2,408	4,775	(14,060)	1,690	$0	$0
2005-06	7,934	1,693	5,954	(15,123)	458	$0	$0
2006-07*	7,934	458	6,276	(16,527)	(1,859)	n/a	n/a
2007-08**	7,934	0	n/a	n/a	n/a	n/a	n/a
2008-09	7,934	--	--	--	--	--	--

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years 2003/04 through 2006/07, (April 1, 2005 through April 1, 2008).

[4] 14th Annual Report of the Mojave Basin Watermaster; April 1, 2008, Ch. 5, pg 29.

Mojave Basin Area Watermaster, Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments Recommended for Filing, For Water Years 2002/03 through 2006/07.

* Subject to amendment in Appendix I in Fifteenth Annual Report of the Watermaster due April 2009.

** Draft data (Appendix B) not available until January 2009.

Financial ability of agencies to provide services.

Water rates are the sole source of operating revenue for the AVRWC and are regulated by the PUC. The Company also collects a Supply Facility Fee to offset the cost of constructing new wells and a Water Acquisition Fee, charged to developers on new construction, to help pay for imported water stored for future use.

According to its Urban Water Management Plan, AVRWC has met customer demands during drought and wet periods by groundwater production, purchases of replacement water above its free production allowance from Mojave Water Agency, leases of groundwater pumping rights from unused agricultural production, purchase of additional water rights, and water conservation awareness programs. AVRWC is financially sustainable with over $2 million dollars in excess of expenditures for FY 2004-05. Data for later years was not provided.

Status of, and opportunities for, shared facilities.

AVRWC indicates that it is open to opportunities that may arise for the shared beneficial use of its facilities.

Accountability for community service needs, including governmental structure and operational efficiencies.

AVRWC is regulated by the PUC and also abides by the regulations of the California Department of Health Services. It encourages community participation in its urban water management plan planning process.

Golden State Water Company

Municipal Service Review

INTRODUCTION:

The Golden State Water Company (formerly known as Southern California Water Company) is the second largest water provider within the Town's boundaries and sphere. LAFCO staff requested and Golden State provided information to allow staff to better process the service reviews and sphere updates for the agencies under LAFCO's purview. Golden State is a wholly owned subsidiary of American States Water Company [5] and is regulated by the California Public Utilities Commission and also abides by the regulations of the California Department of Health Services. Currently, Golden State serves residential, commercial, irrigation, and industrial customers. Because Golden State is not under LAFCO purview, only the municipal service review portion is provided for this report.

BOUNDARIES:

The current certificated service area includes portions of the southern and northeastern area of the Town of Apple Valley and the surrounding area. Within the community of Apple Valley, Golden State ha three service areas: (1) South Area – Systems 1, 3, and 4; (2) the North Area – System 5; and (3) Desert View Road – System 3. A map of Golden State's systems is included as a part of Attachment #5.

MUNICIPAL SERVICE REVIEW SUMMARY

Information from Golden State's 2007 technical memorandums and 2008 Water Quality Control Reports for the South and North Areas and 2008 Water Master Plan for the Desert View Road System are summarized below and are included as a part of Attachment #5.

Growth and population projections for the affected area.

Apple Valley North and South Service Areas

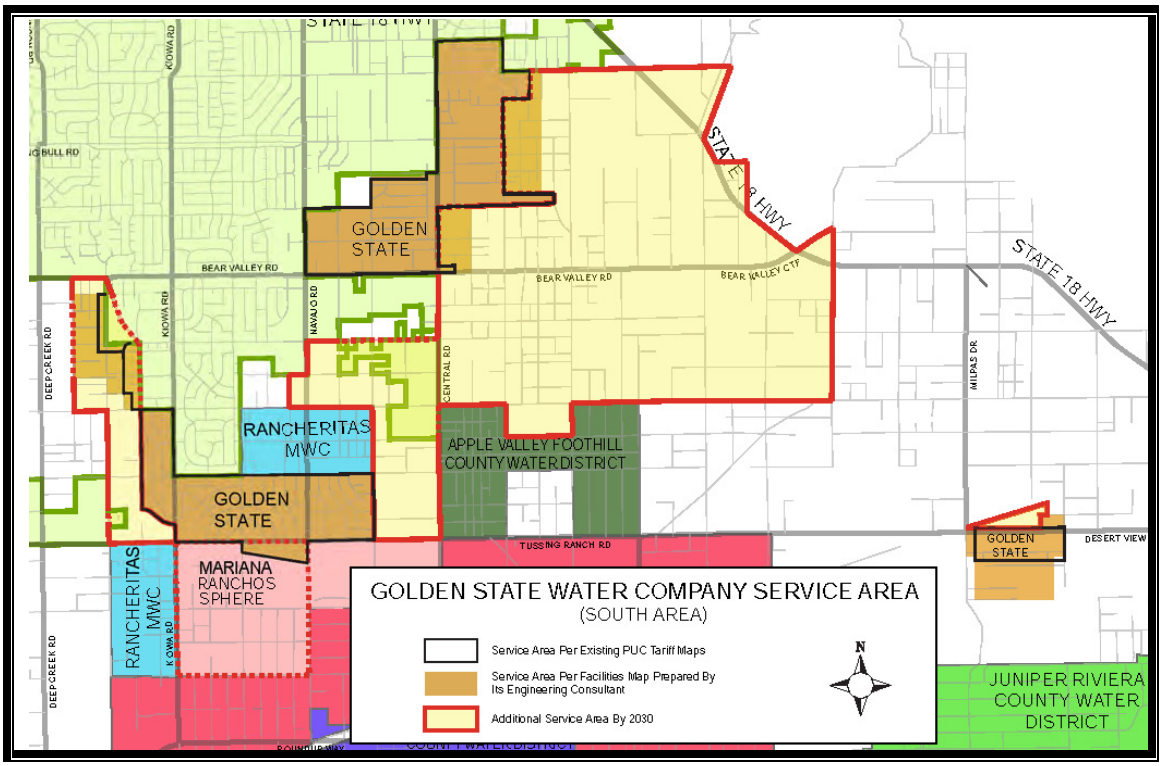
In 2005, the served population was estimated to be 3,961; and in 2030, it is expected to be 12,088. From 2005 to 2030, the served population is estimated to increase 210 percent in the south area and 171 percent in the north area, which is a growth rate of approximately 4.6 and 4.1 percent per year, respectively. The number of served households is expected to grow 277 percent in the south area and 224 percent in the

[5] American States Water Company is investor owned and is traded on the New York Stock Exchange. Through its subsidiary companies, Golden State Water Company and Chaparral Water Company, it provides water service to 1 out of 30 Californians. American States also distributes electricity to approximately 22,800 customers in the Big Bear recreational area. source: www.avrwater.com. Accessed August 3, 2008. Last update unknown.

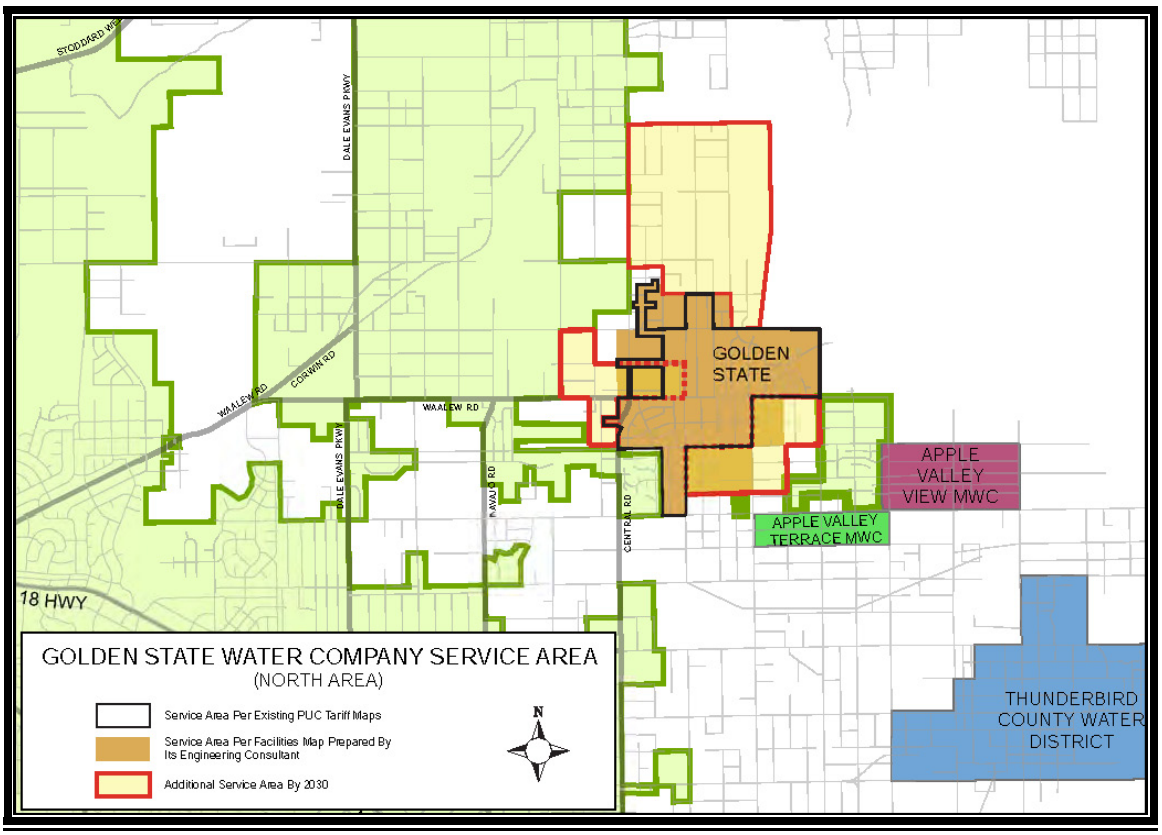
north area from 2005 to 2030, which equates to a growth rate of 5.4 percent and 3.8 percent per year, respectively.

According to Golden State, the customer service areas in the south and north are anticipated to expand, through filings with and processing by the PUC, as shown in the figures below (brown is the current boundary, beige with red outline is the expansion area). The maps below also depict discrepancies in the boundaries of the existing service areas – the black line is the certificated service area provided by maps from the PUC, the remaining brown area is the service area depicted in the Company's reports utilizing piping schematics. To date, staff has not resolved these discrepancies with the Company.

South Area Service Zone Anticipated Expansions Through 2030



North Area Service Zone Anticipated Expansions Through 2030



Desert View System

The 2008 Water Master Plan estimates that the area of the Desert View Road System was 73% developed and had 56 dwelling units in 2007. Utilizing the County's General Plan population coefficient of 2.68 persons per household for the Desert Region of the County calculates to a population of 150. By 2030, the Plan anticipates the area to be 100% developed with 77 dwelling units; this calculates to a population of 206. The area of the Desert View System is shown on the South Area Service Zone Map.

<u>Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.</u>

Apple Valley North and South Systems

Water delivered to customers in the Apple Valley South and North systems is from groundwater pumped from the Alto Sub-basin of the Mojave River Basin. A review of the 2008 Water Quality Control Reports for the Apple Valley South systems indicates that water quality meets water quality standards. However, three of the groundwater wells in the South Area are considered most vulnerable to water supply issues and the existence of machine shops, which have been associated with contaminants, but they

have not been detected in the water supply. This concern on contaminants is that there are many on-site waste disposal systems in use. Further, three of the groundwater wells in the North Area are considered most vulnerable to high and low density septic systems and high density housing, which have been associated with contaminants that have been detected in the water supply.

The tables below show Golden State's historic and projected service connections. Since 1996, Golden State has experienced a 23% increase in active service connections, and from 2010 to 2030 is anticipated to experience a 141% increase in active service connections. In order to serve the additional connections, additional sources of water or conservation measures will need to take place.

Historical Annual Water Productions
(South Area in italic, North Area in parenthesis)

Year	Active Service Connections	Average Demand (AF/yr)	Average Demand per Connection (AFY/conn)
1996	*1,533* (480)	*673* (379)	*0.4390* (0.7896)
1997	*1,518* (484)	*652* (277)	*0.4295* (0.5723)
1998	*1,552* (487)	*625* (268)	*0.4027* (0.5503)
1999	*1,578* (496)	*674* (323)	*0.4271* (0.6512)
2000	*1,599* (505)	*718* (320)	*0.4490* (0.6337)
2001	*1,620* (514)	*689* (324)	*0.4253* (0.6304)
2002	*1,640* (523)	*733* (353)	*0.4469* (0.6750)
2003	*1,719* (546)	*766* (350)	*0.4456* (0.6410)
2004	*1,776* (605)	*810* (396)	*0.4561* (0.6545)
2005	*1,833* (648)	*789* (416)	*0.4304* (0.6420)

Projected Service Connections and Average Daily Demand
(South Area in italic, North Area in parenthesis)

Year	Projected Active Service Connections	Projected Annual Average Demands (AF/yr)
2010	*2,299* (792)	*1,000* (510)
2015	*2,883* (967)	*1,254* (623)
2020	*3,617* (1,180)	*1,574* (760)
2025	*4,537* (1,440)	*1,974* (927)
2030	*5,692* (1,757)	*2,477* (1,132)

Golden State Water Company currently has water production rights (also known as Base Annual Production) to assure 940 acre-feet (AF) annually. Golden State's Apple Valley North and South Systems are within the Alto sub-region, and Free Production Allowance (FPA) is currently at 60% of Base Annual Production, which permits the district 564 AF of FPA for FY 2008-09. As noted in the most recent Watermaster Annual Report, "further rampdown is not warranted in Alto at this time" [6]. Producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. As indicated in the table below, the historical trend for AVRWC's water production indicates that it produces more than its FPA. Thus, it has to purchase water from other agencies within the sub-basin to avoid paying the higher replacement water and make-up water rates charged by the Watermaster.

Golden State Water Company
Water Production and Water Obligations in Alto Sub-basin
(units in acre feet unless otherwise noted)

Water Year	Free Production Allowance (FPA)	Carryover from Prior Year	Transfers from Other Water Agencies	Verified Production	Unused FPA or (Water Production in Excess of FPA)	Replacement Water Obligation (Agency overdraft)	Makeup Water Obligation (Watermaster replacement to the sub-basin)
2002-03 *	705	0	385	(1,083)	0	$0	$0
2003-04 *	658	0	528	(1,186)	0	$0	$0
2004-05 *	611	0	543	(1,154)	0	$0	$0
2005-06	564	0	652	(1,216)	0	$0	$0
2006-07**	564	0	0	(1,314)	(750)	n/a	n/a
2007-08***	564	0	n/a	n/a	n/a	n/a	n/a
2008-09	564	--	--	--	--	--	--

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years
2003/04 through 2006/07, (April 1, 2005 through April 1, 2008).

Mojave Basin Area Watermaster, Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments Recommended for Filing, For Water Years 2002/03 through 2006/07.

* Agency formerly named Southern California Water Company

[6] 14th Annual Report of the Mojave Basin Watermaster; April 1, 2008, Ch. 5, pg 29.

** Subject to amendment in Appendix I in Fifteenth Annual Report of the Watermaster due April 2009.

*** Draft data (Appendix B) not available until January 2009.

Desert View Road System

Water delivered to customers in the Desert View Road system is from groundwater pumped from the Este Sub-basin of the Mojave River Basin. A review of the 2008 Water Master Plan for the Desert View Road system indicates that water quality meets water quality standards. However, both of the groundwater wells are considered most vulnerable to low density septic systems, which have been associated with contaminants that have been detected in the water supply.

The tables below show the Desert View Road system's historical and projected service connections. Since 1997, the system has experienced a 25% increase in active service connections, and from 2015 to 2030 is anticipated to experience a 38% increase in active service connections. In order to serve the additional connections, additional sources of water or conservation measures will need to take place.

The system is within Este sub-region of the Mojave River Basin, and Free Production Allowance (FPA) is currently at 80% of Base Annual Production. As noted in the most recent Watermaster Annual Report, further rampdown is not warranted in Este at this time but "any material increases in water production or changing conditions could result in an immediate rampdown in Este to 65% or lower…[7]. Also within the Este sub-region is Golden State's Lucerne Valley system. Therefore, Watermaster data related to free production allowance and production cannot be isolated to the Desert View system.

Historical Annual Water Productions – System 3 (Desert View Road)

Year	Active Service Connections	Average Demand (AF/yr)	Average Demand per Connection (AFY/conn)
1997	40	21	0.532
1998	41	21	0.519
1999	42	19	0.453
2000	43	19	0.447
2001	43	24	0.562
2002	44	24	0.542
2003	44	26	0.583
2004	47	29	0.628
2005	50	32	0.634
2006	56	37	0.660

[7] 14th Annual Report of the Mojave Basin Watermaster; April 1, 2008, Ch. 5, pg 29.

Projected Service Connections and Average Daily Demand – System No. 3 (Desert View Road)

Year	Projected Active Service Connections	Projected Annual Average Demands (AF/yr)
2015	56	31
2030	77	43

Financial ability of agencies to provide services.

Golden State did not provide financial information as a part of the materials submitted.

Status of, and opportunities for, shared facilities.

Golden State did not provide information regarding shared facilities, if any, as a part of the provided material.

Accountability for community service needs, including governmental structure and operational efficiencies.

Golden State is regulated by the PUC and also abides by the regulations of the California Department of Health Services. The Customer Service Center is available 24 hours a day each day of the year.

APPLE VALLEY FOOTHILL COUNTY WATER DISTRICT

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE

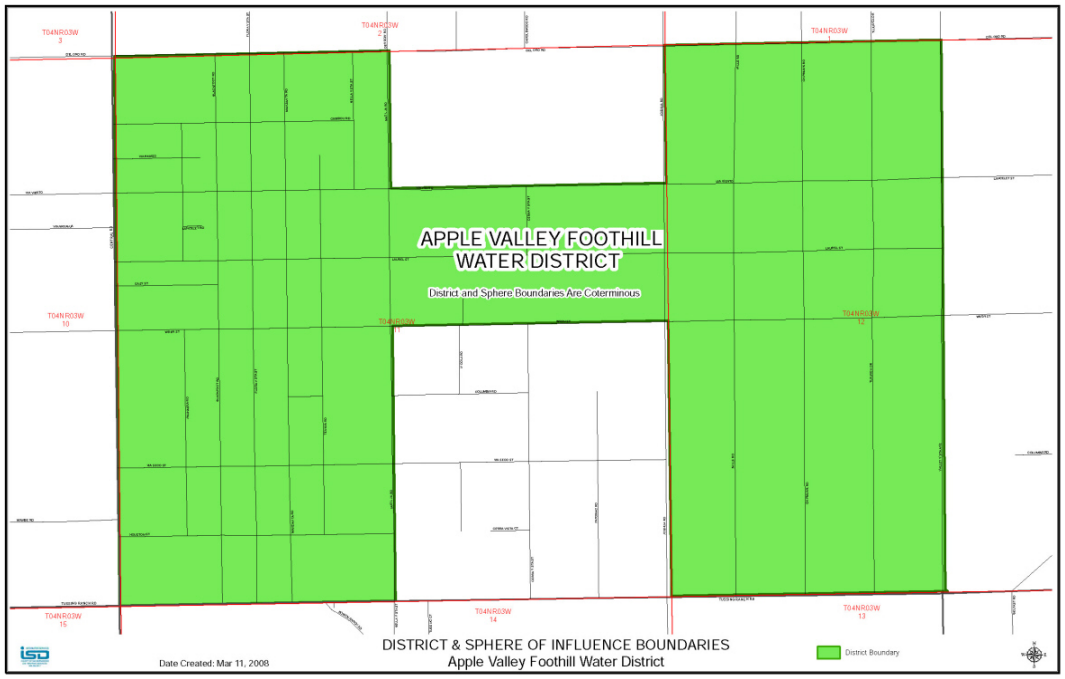
INTRODUCTION:

The Apple Valley Foothill Water District (hereinafter either AVFWD or District) prepared a service review consistent with LAFCO's policies and procedures and the factors required by Government Code Section 56430. The District's response and supporting materials are included as Attachment #6 to this report and are briefly summarized in the information which follows.

The District is an independent special district formed in 1957 by an act of the County Board of Supervisors and successful formation election pursuant to Water Code 30000 to provide retail water service to the area. The District comprises approximately 717 +/- acres, had an estimated population of 550 in 2006, and is governed by a five-member board of directors. The District is currently authorized to provide retail water service only.

BOUNDARIES:

The District is within the Town of Apple Valley's southeastern sphere of influence (sphere) and its boundaries and sphere are coterminous. The service review and sphere study area is generally bordered on the north by Del Oro Road, on the east by Valley Vista Avenue, on the south by Mariana Ranchos County Water District boundary, and on the west by Central Road. A map of the District is included as a part of Attachment #6 and shown below:



MUNICIPAL SERVICE REVIEW SUMMARY

The District's responses to LAFCO's original and update requests for information includes, but is not limited to, the District's audits and budgets.

Growth and population projections for the affected area.

The 2006 estimated population for the District was 550. Growth within the District's boundaries is anticipated to continue. However, given its land use designation through the County General Plan it is not anticipated to pace with the Town's anticipated growth rate for its sphere. There are no known development projects within the area.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

The District does not have a water master plan or study available for reference.

The District provides domestic water to 209 metered water connections. The District currently has a 75,000 gallon water storage tank built in 1957. The tank was inspected in 2003 and was found to be in good condition. All the main lines are in good condition, and water is supplied with little interruption. It indicates that the area needs additional water storage and it has plans to build approximately an additional 250,000 – 300,000 gallon storage tank. Currently, there is not enough water storage space for any reserves.

The District production comes from two wells. The first well was installed in 1958 and was upgraded in 2003. The District distribution lines were installed in the same year. The second well was installed in 1991. The District currently has four employees: a general manager, a maintenance supervisor, an assistant, and a secretary.

Apple Valley Foothill CWD has water production rights (also known as Base Annual Production) to assure 167 acre-feet (AF) annually. The District is within Alto sub-region, and Free Production Allowance (FPA) is currently at 60% of Base Annual Production, which permits the district 101 AF of FPA for FY 2008-09. As noted in the most recent Watermaster Annual Report, "further rampdown is not warranted in Alto at this time" [8]. Producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. As indicated in the table below, the historical trend for the District's water production indicates that it produces more than its FPA. Thus, it could purchase water from other agencies within the sub-basin to avoid paying the higher replacement water and make-up water rates charged by the Watermaster. However, the District does not purchase water from other agencies and is obligated to pay the higher replacement water rates of the Watermaster.

[8] 14th Annual Report of the Mojave Basin Watermaster; April 1, 2008, Ch. 5, pg 29.

Apple Valley Foothill CWD Water Production and Water Obligations
(units in acre feet unless otherwise noted)

Water Year	Free Production Allowance (FPA)	Carryover from Prior Year	Transfers from Other Water Agencies	Verified Production	Unused FPA or (Water Production in Excess of FPA)	Replacement Water Obligation (Agency overdraft)	Makeup Water Obligation (Watermaster replacement to the sub-basin)
2002-03	126	11	0	(130)	7	0	9.55 AF for a cost of $2,626
2003-04	117	7	0	(132)	(8)	8 AF for a cost of $1,776	6.57 AF for a cost of $1,064
2004-05	109	0	0	(125)	(16)	16 AF for a cost of $4,496	$0
2005-06	101	0	0	(127)	(26)	26 AF for a cost of $6,396	$0
2006-07*	101	0	0	(141)	(40)	n/a	n/a
2007-08**	101	0	n/a	n/a	n/a	n/a	n/a
2008-09	101	--	--	--	--	--	--

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years 2003/04 through 2006/07, (April 1, 2005 through April 1, 2008).

Mojave Basin Area Watermaster, Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments Recommended for Filing, For Water Years 2002/03 through 2006/07.

* Subject to amendment in Appendix I in Fifteenth Annual Report of the Watermaster due April 2009.

** Draft data (Appendix B) not available until January 2009.

Financial ability of agencies to provide services.

In the service review materials submitted, the District indicates it does not utilize a yearly or biennial budget. It does, however, conduct a biennial audit completed by an independent auditing firm, a copy of the 2005/2006 Audit is included as a part of Attachment #6 to this report.

The District's main sources of revenue are from water usage sales, sale of water meters and its $30 per acre standby charge. The District is in the process of saving funds to enlarge its water storage capacity. It uses the funds collected from its standby charges and collections from meter installations for capital improvements and repairs. Monies collected from customer water usage is used for day-to-day operations of the District including the payments necessary for replacement and/or makeup water obligations to the Mojave Water Agency.

According the District's most recent audits, for FY 2005-06 and FY 2004-05, the District increased in net assets by $13,282 and $32,042, respectively with a fund balance of $193,983 on June 30, 2006. As for cash flows, it increased by $9,143 and $32,774, respectively.

Status of, and opportunities for, shared facilities.

There are no facilities that the District shares and it did not indicate that it has any inter-ties with other agencies.

Accountability for community service needs, including governmental structure and operational efficiencies.

The District is part of a joint powers insurance agency. It does not participate in any joint financing projects or any other joint agency practices. The District has determined it is more cost effective, in the long run, to contract with outside entities for repairs and service installations rather than to employ additional staff.

The District indicates it has no plans to incorporate additional areas into its boundaries through annexation.

The District has not had an election for an open seat on the board of directors for over a decade. The District indicates that there has been no contested election within the past decade because no one has run against members up for re-election. In turn, all members have been re-appointed in lieu of election.

Government Structure Options

There are two types of government structure options:

- Out-of-agency service agreements where an agency provides service outside its boundaries; or,

- Other potential government structure options such as consolidation, reorganization, or dissolution.

Out-of-Agency Service agreements:

The District has identified that it does not currently provide service outside its boundaries and has by adoption of Resolution No. 114 on February 23, 2000 indicated it will not allow for extension of water service to territories outside its boundaries.

Other Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address all possible options. The options would be:

1. The Commission could assign a zero sphere of influence to the District. This option would send a signal that the Commission anticipates a future consolidation of the public water districts within the Town's southern sphere.

2. A second option also sends a signal that the Commission anticipates a future consolidation of the three county water districts within the Town's southern sphere a part of the Alto sub-basin of the Mojave River adjudication. This option would assign zero spheres to the other two county water districts and expand the sphere of influence of the Apple Valley Foothill CWD to encompass the entirety of the three county water districts in the Town's southern sphere a part of the Alto sub-basin. The Commission could then request that these CWDs meet to discuss consolidation. LAFCO staff is recommending this option.

3. A third option would be to retain the status quo; this would maintain a coterminous sphere and boundary. As mentioned previously in this report, numerous inefficiencies exist by having three separate yet contiguous county water districts in one portion of the area. Maintenance of the status quo would continue such inefficiencies.

As indicated earlier in the discussion of water issues, the Commission has indicated, since 1973, that the public water agencies in the Apple Valley area should consolidate for efficiencies in service delivery, economies of scale for purchasing the services necessary to operate the district – well testing, meter installation, etc., and to address the service needs for potential development in the area. Failure to address the issue at this juncture, in the staff opinion, will mean that the private water companies in the area will expand to surround the four public water districts within the Alto sub-basin limiting their future options.

Local Accountability and Governance

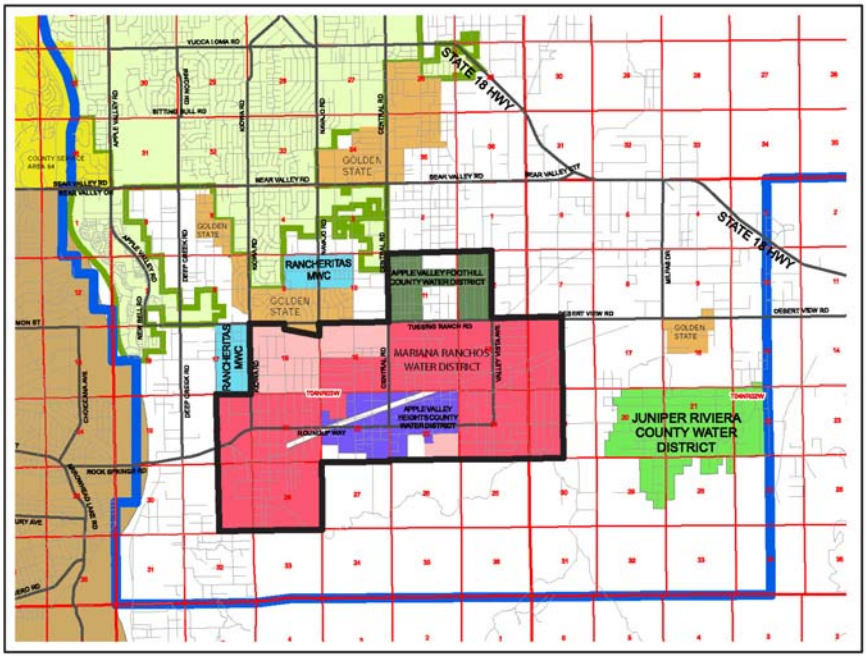
The AVFWD is governed by a five-member Board of Directors elected at-large to four-year staggered terms. The figure below lists the current Board of Directors, their titles, and terms of office:

Board Member	Title	Term
Karen Madison	Director	2009
Charlotte V. Thompson	Director	2009
James A. Thompson Jr.	Director	2009
Anna L. Sikes	Director	2007
Thomas J. Buchanan	Director	2007

The information identified above was taken from documents available on the Registrar of Voters website. No information related to an extension of the term of office from 2007 has been provided. In addition the District maintains a routine hearing schedule. It provides office hours on Mondays and Wednesdays from 8:00 to 10:00 a.m.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission expand the sphere of influence of the Apple Valley Foothill County Water District to encompass the entirety of the spheres of influence for the Mariana Ranchos and Apple Valley Heights County Water Districts , thereby indicating it's position that these districts should be consolidated into one agency as well as the territory southerly of Del Oro Road and north of Tussing Ranch Road not in its sphere of influence. This boundary is shown below:



CONSOLIDATED SPHERE OF INFLUENCE
(MARIANA RANCHOS WATER DISTRICT, APPLE VALLEY HEIGHTS COUNTY WATER DISTRICT, & APPLE VALLEY FOOTHILL COUNTY WATER DISTRICT)

LAFCO staff also recommends that the Commission confirm the function and service provided by the Apple Valle Foothill County Water District as follows:

FUNCTIONS	***SERVICES***
Water	***Domestic, retail, agricultural, replenishment***

The District's boundary currently encompasses approximately 717+/- acres, and its boundaries and sphere are coterminous.

The District did not request any changes to its sphere through the sphere review. However, staff recommends that that the Commission expand the sphere of influence of the Apple Valley Foothill County Water District to encompass the entirety of the spheres of influence for the Mariana Ranchos, and Apple Valley Heights County Water Districts, thereby indicating it's position that these districts should be consolidated into one agency.

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, the District is authorized the function of water. Neither staffs of LAFCO nor the district proposes any changes to the district's authorized powers.

FACTORS OF CONSIDERATION:

The District was requested to provide information regarding the sphere of influence update as required by State law. Staff has expanded the responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) to address the issues for the modified area as follows:

Present and Planned Uses

Present and planned uses within the staff modified area includes vacant lands, residential lots that vary from one-half acre to 5 acres for a rural residential land use occupied by single family residences.

The County General Plan land use designations for the area include: Single Family Residential land use designations (RS-1) with a one-acre minimum lot size, Rural Living (RL) which requires a 2.5 acre minimum parcel size, Resource Conservation (RC) which allows one unit per 40 acres, and Special Development (SD-PD) for approximately 50 acres. There are no commercial, industrial, or urban intensity land use designations assigned within the area.

The Town of Apple Valley overlays approximately 960 acres within the area southerly of Tussing Ranch Road and its General Plan identifies Residential lands for the majority of

the area, which includes Single Family Residential, Low Density Residential and Estate Residential uses, and approximately 12 acres of General Commercial.

The sphere of influence designation will have no direct impact on the land use designations of the County or Town.

Present and Probable Need for Public Facilities and Services

The districts taken together currently meet the water operational demands of their customers. As mentioned, development in the Town's sphere is anticipated to continue and all three districts are within the Town's sphere. As the population increases and the uses of the land intensify, the area will require additional water production.

Individual service needs for the districts are identified under each of their municipal service reviews. For the AVFWD, the District has indicated the need for larger water storage to meet future needs and it has been preparing to expand its storage capacity by 250,000 to 300,000 gallons. The documents received in 2005 indicate that it will take the District approximately three years to set aside the money to construct this new facility. Due to the District's need for larger water storage, the Board of Directors, through a year 2000 resolution, will not approve any requests for water connections from outside the District's boundaries.

Present Capacity of Public Facilities and Adequacy of Public Services

The AVFWD has facilities which consist of two wells. The first well was installed in 1958 and was upgraded in 2003. The District's system of distribution lines were installed in the same year, 1958. The second well was installed in 1991.

The District currently has a 75,000 gallon water storage tank. The tank was inspected in 2003 and was found to be in good condition. However, as noted above, there is no room for reserve capacity in the District tank so additional storage is required. The District has not identified an inter-connect for emergency water with any surrounding agency. All the main lines are in good condition, and water is supplied with little interruption.

Social and Economic Communities of Interest

The area proposed for inclusion within the AVFWD sphere of influence representing the consolidation of the three districts is entirely within the Apple Valley community sphere as well as the current sphere of influence assigned the Town of Apple Valley. The areas of the modified sphere of influence are identified as being in Apple Valley, but the residents in the area do not believe they share social or economic ties with the Town. However, the Town is the economic hub for the area and provides for the shopping, organized recreational activities, and employment for the area. The Community of Interest for the Water Districts notes that the territory is within the same sub-basin of the

Mojave River adjudication, its wells and facilities are in close proximity to one another, and they share a common land use direction, rural residential.

APPLE VALLEY HEIGHTS COUNTY WATER DISTRICT

Municipal Service Review and Sphere of Influence Update

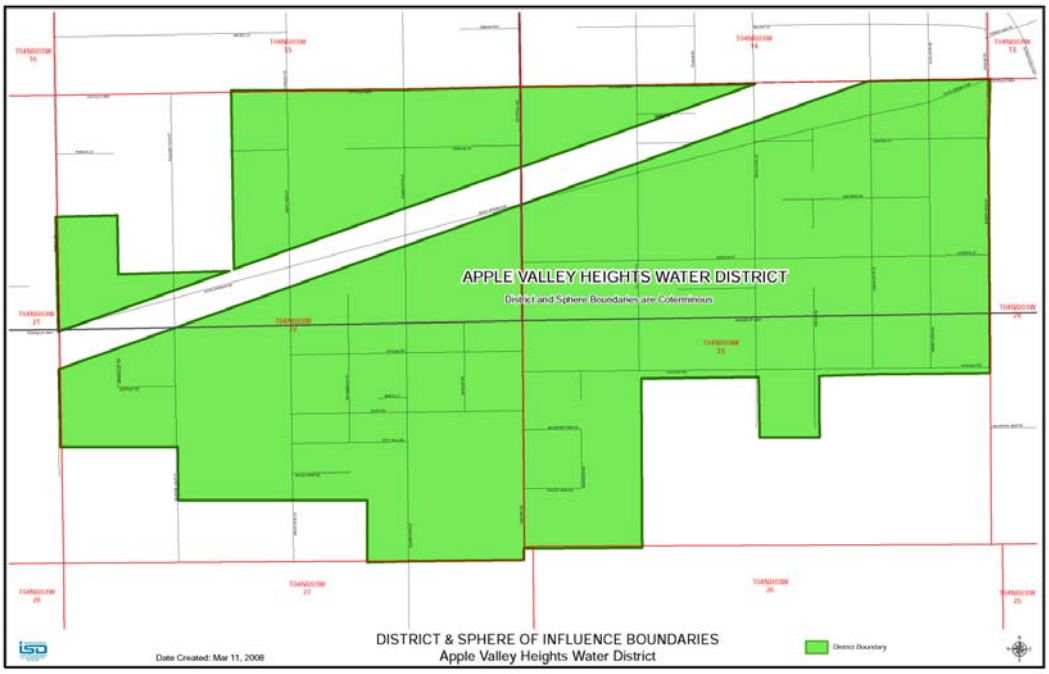
INTRODUCTION:

The Apple Valley Heights Water District (hereinafter either AVHWD or District) prepared a service review consistent with LAFCO's policies and procedures and the factors required by Government Code Section 56430 identified as LAFCO 2999. The District's response, and supporting materials are included as Attachment #7 to this report and are briefly summarized in the information which follows.

The District is an independent special district formed in 1957 by an act of the County Board of Supervisors following a successful formation election pursuant to Water Code 30000 to provide water to the area. The District comprises approximately 860 +/- acres, had an estimated population of 650 in 2006, and is governed by a five-member board of directors. The District is currently authorized to provide water services.

BOUNDARIES:

The District is located entirely within the Town of Apple Valley's sphere of influence (sphere). Its sphere of influence is coterminous with its boundaries. The service review and sphere study area is generally bordered by Bonita Street (Joshua Road) on the east, a combination of Via Linda Road and areas north and south of Roundup Way on the south, and the Mariana Ranchos County Water District on the west and north. A map of the District and its sphere is included as a part of Attachment #7 and is shown below:



MUNICIPAL SERVICE REVIEW SUMMARY

LAFCO requested the submission of specific information from the District in order to prepare a service review as required by Government Code 56430. The District's response to LAFCO's original and update requests briefly summarized below includes, but is not limited to, the District's audits and budgets. There is no water master plan or study to utilize for this review.

Growth and population projections for the affected area.

The 2006 estimated population for the District was 650 with an estimated 279 connections. Growth within the District's boundaries is anticipated to continue; however, it is not anticipated to keep pace with the Town's anticipated growth rate. The territory within the boundaries of the district and sphere are designated by the County General Plan for Residential Single (RS) which requires a minimum one-acre parcel size and the District has identified that there are 375 parcels within its boundaries.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

Currently, the District provides water to 279 active connections. It has two wells and reservoir capacity of 260,000 gallons.

The District drilled a new well in 2003 and has no immediate plans for major capital improvements. It does not have a water master plan or studies. The basic infrastructure was constructed in 1958 while pumps, motors, hydrants, and other appurtenances (such as the housing for District equipment) are between 2 and 25 years old. Old pipes are replaced with PVC piping as needed. The District describes the overall condition of the system as being very good. The District states that it meets or exceeds the local and state regulations for fire prevention. However, no supporting data has been provided regarding reserve or fire flow capacities.

Apple Valley Heights CWD has water production rights (also known as Base Annual Production) to assure 125 acre-feet (AF) annually. The District is within the Alto sub-region, and Free Production Allowance (FPA) is currently at 60% of Base Annual Production, which permits the district 75 AF of FPA for FY 2008-09. As noted in the most recent Watermaster Annual Report, "further rampdown is not warranted in Alto at this time" [9]. Producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. As indicated in the table below, the historical trend for the District's water production indicates that it produces more than its FPA. Thus, it has to purchase water from other agencies within the sub-basin to avoid

[9] 14th Annual Report of the Mojave Basin Watermaster; April 1, 2008, Ch. 5, pg 29.

paying the higher replacement water and make-up water rates charged by the Watermaster.

Apple Valley Heights CWD Water Production and Water Obligations
(units in acre feet unless otherwise noted)

Water Year	Free Production Allowance (FPA)	Carryover from Prior Year	Transfers from Other Water Agencies	Verified Production	Unused FPA or (Water Production in Excess of FPA)	Replacement Water Obligation (Agency overdraft)	Makeup Water Obligation (Watermaster replacement to the sub-basin)
2002-03	94	44	0	(138)	0	$0	$0
2003-04	88	0	68	(152)	0	$0	$0
2004-05	82	0	56	(137)	0	$0	$0
2005-06	75	0	57	(132)	0	$0	$0
2006-07*	75	0	n/a	(146)	(71)	n/a	n/a
2007-08**	75	0	n/a	n/a	n/a	n/a	n/a
2008-09	75	--	--	--	--	--	--

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years
2003/04 through 2006/07, (April 1, 2005 through April 1, 2008).

Mojave Basin Area Watermaster, Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments Recommended for Filing, For Water Years 2002/03 through 2006/07.

* Subject to amendment in Appendix I in Fifteenth Annual Report of the Watermaster due April 2009.

** Draft data (Appendix B) not available until January 2009.

Financial ability of agencies to provide services.

The District's main sources of revenue are water consumption sales, meter installation charges, a $25 standby fee charge, and bond revenue collections. According to the District's most recent audit for Years 2005 and 2006, it has net assets of $549,840 and its cash flow increased by $71,374.

The District indicates that it will generate the funds necessary for improvements through meter sales and that loans or an increase in water rates would be anticipated to meet

capital improvement needs in the future. At this time its bond debt for the drilling of a well in 1968 has matured (July 1, 2008) therefore, it carries no debt.

Status of, and opportunities for, shared facilities.

There are no facilities that the District shares and it states that it does not foresee sharing facilities due to geographic differences from other entities. These differences are that the District is located in the foothills of southern Apple Valley versus the other surrounding districts which are on the flatlands. The District has identified that its district office is located on property owned by a member of the Board of Directors. At the Board meeting scheduled to adopt its proposed budget, the Directors will consider the adoption of an agreement setting forth the payments and obligations of the parties associated with the rental of this facility for district use.

Accountability for community service needs, including governmental structure and operational efficiencies.

The District is governed by a five-member board of directors elected at-large and has two full time employees and two part time employees. The District holds its regular meetings on the second Wednesday of the month at the District office and is open to the public, Monday through Friday during the morning hours. All budgetary and rate structures are open to public comment for suggestions and improvements. Additionally, the District does not participate in joint financing projects and has no joint powers agreements. To save on equipment costs, the District utilizes outside contractors to complete major repairs and install meters.

The last two elections held for the District were in 2005 and 1999. All other board member positions have been appointed in lieu of election.

Government Structure Options

There are two types of government structure options:

- Out-of-agency service agreements where an agency provides service outside its boundaries; or,

- Other potential government structure options such as consolidation, reorganization, or dissolution.

Out-of-Agency Service Agreements:

The District has identified that it does not currently provide service outside its boundaries.

Other Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address all possible options. The options would be:

1. The Commission could assign a zero sphere of influence to the District. This option would send a signal that the Commission anticipates a future consolidation of the public water districts within the Town's southern sphere.

2. A second option also sends a signal that the Commission anticipates a future consolidation of the three county water districts within the Town's southern sphere a part of the Alto sub-basin of the Mojave River adjudication. This option would assign zero spheres to the other two county water districts and expand the sphere of influence of the Apple Valley Foothill CWD to encompass the entirety of the three county water districts in the Town's southern sphere a part of the Alto sub-basin. The Commission could then request that these CWDs meet to discuss consolidation. LAFCO staff is recommending this option.

3. A third option would be to retain the status quo; this would maintain a coterminous sphere and boundary. As mentioned previously in this report, numerous inefficiencies exist by having three separate yet contiguous county water districts in one portion of the area. Maintenance of the status quo would continue such inefficiencies.

As indicated earlier in the discussion of water issues, the Commission has indicated, since 1973, that the public water agencies in the Apple Valley area should consolidate for efficiencies in service delivery, economies of scale for purchasing the services necessary to operate the district – well testing, meter installation, etc., and to address the service needs for potential development in the area. Failure to address the issue at this juncture, in the staff opinion, will mean that the private water companies in the area will expand to surround the four public water districts within the Alto sub-basin limiting their future options.

The materials submitted by the District indicate that they oppose any effort to consolidate with the surrounding agencies even if conditions of approval to the consolidation would protect its revenues for use within its system.

Local Accountability and Governance

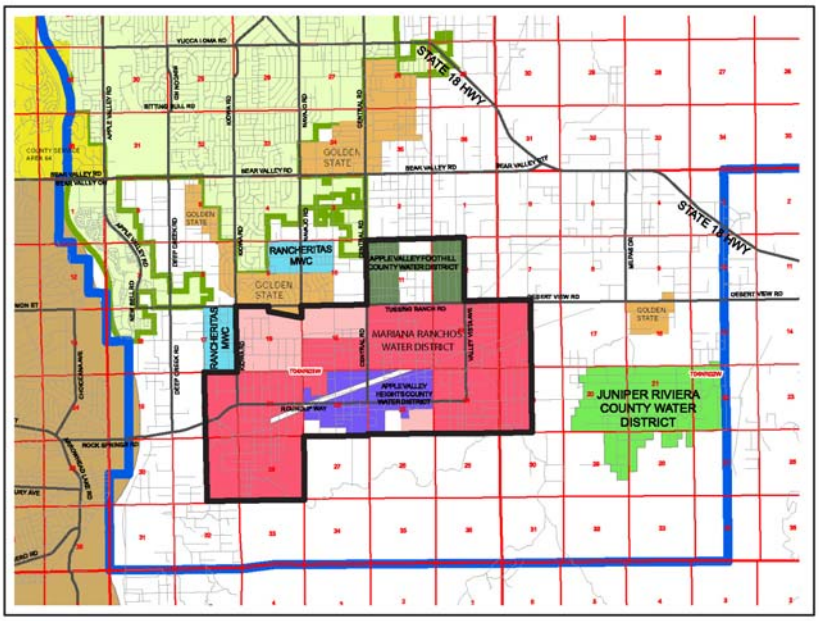
The AVHWD is governed by a five-member Board of Directors elected at-large to four-year staggered terms. The figure below lists the current Board of Directors, their titles, and terms of office:

Board Member	Title	Term
Larry Hunter	President	2009
Dana P. Morse	Vice President	2007
Shirley Barra	Director	2007
John Kunz	Director	2009
Glenn A. Lincoln Jr.	Director	2009

The information identified above was taken from documents available on the Registrar of Voters website. No information related to an extension of the term of office from 2007 has been provided. In addition the District maintains a routine hearing schedule of the second Wednesday of the month. In addition, it provides for office hours Monday and Wednesday from 8:00 a.m. to noon.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission assign a zero sphere of influence for the Apple Valley Heights County Water District, noting its inclusion in the sphere of influence assigned the Apple Valley Foothill County Water District thereby indicating its position that the Mariana Ranchos, Apple Valley Heights, and Apple Valley Foothill County Water Districts should be consolidated into one agency.



CONSOLIDATED SPHERE OF INFLUENCE
(MARIANA RANCHOS WATER DISTRICT, APPLE VALLEY HEIGHTS COUNTY WATER DISTRICT, & APPLE VALLEY FOOTHILL COUNTY WATER DISTRICT)

LAFCO staff also recommends that the Commission confirm the function and service provided by the Apple Valley Heights County Water District as follows:

FUNCTIONS	***SERVICES***
Water	***Retail, domestic***

The District's boundary currently encompasses approximately 860+/- acres, and its boundaries and sphere are coterminous.

The District did not request a change to its sphere assignment through this sphere of influence update. However, staff recommends that the Commission assign a zero sphere of influence for the Apple Valley Heights County Water District, thereby indicating its position that the Mariana Ranchos, Apple Valley Heights, and Apple Valley View County Water Districts should be consolidated into one agency.

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, the District is authorized the function of water. Neither staff of LAFCO nor the District proposes any changes to the District's authorized powers.

As of December 27, 2007, the District had 312 registered voters within the area.

FACTORS OF CONSIDERATION:

The District was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

Present and Planned Uses

Present and planned uses within the District include vacant lands and residential lots that are rural in nature. There will be no change in land use as a result of a zero sphere designation.

Present and Probable Need for Public Facilities and Services

The District currently meets the water demands of its customers within its boundaries. As mentioned above, development in the Town's sphere is anticipated to continue and the District is within the Town's sphere. However, the land use designation within this area does not contemplate an urban intensity use; therefore service needs will be based upon its rural residential nature. As the population increases, the District will require additional water production and supply facilities.

Present Capacity of Public Facilities and Adequacy of Public Services

Staffing levels meet the needs of the area. The District states current facilities and services delivered are adequate to meet operational demands for the next ten years. The District indicates that it will generate the funds necessary for improvements through meter sales and that loans or an increase in water rates are anticipated to meet capital improvement needs. However, there is no water plan to indicate what improvements are needed.

Social and Economic Communities of Interest

The entirety of the District is within the sphere of the Town of Apple Valley. Since the area is unincorporated, it is likely that some residents in the area do not believe they share social or economic ties with the Town.

MARIANA RANCHOS COUNTY WATER DISTRICT

Municipal Service Review and Sphere of Influence Update

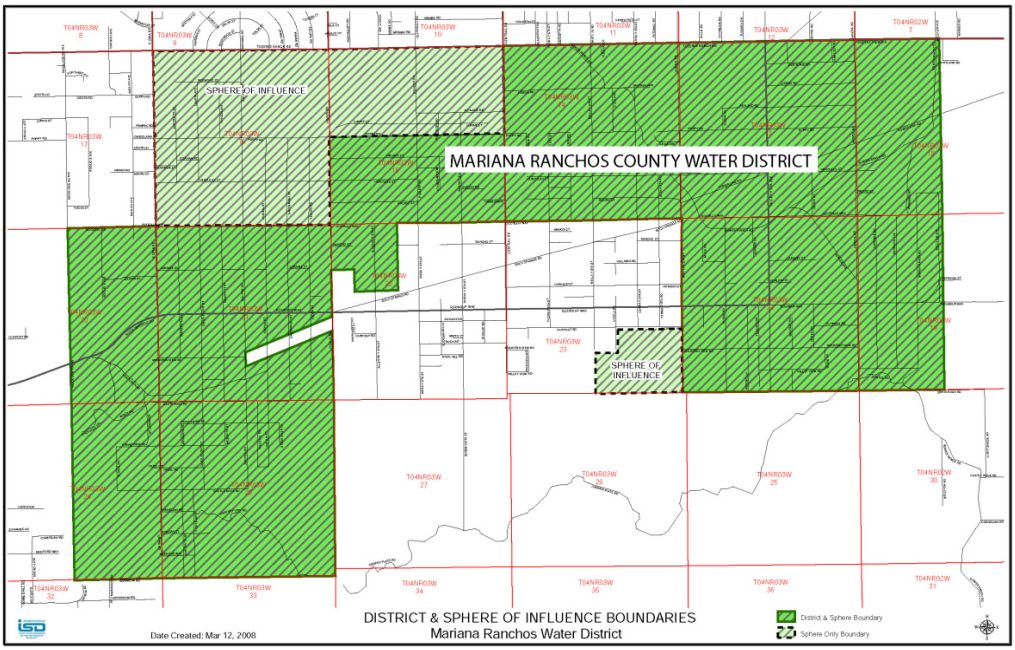
INTRODUCTION:

The Mariana Ranchos County Water District (hereinafter either "MRCWD" or "District") prepared a service review consistent with LAFCO's policies and procedures and the factors required by Government Code Section 56430. LAFCO 3009 consists of the municipal service review and sphere of influence update required for the District. The District's response, and supporting materials are included as Attachment #8 to this report and are briefly summarized in the information which follows.

The District is an independent special district formed in 1961 by an act of the County Board of Supervisors following a successful formation election pursuant to Water Code 30000 et seq. to provide retail water service to the area. The District comprises approximately 3,924 +/- acres, had an estimated population of 1,097 in 2006, and is governed by a five-member board of directors. The District is currently authorized by LAFCO to provide water services.

BOUNDARIES:

The District is entirely within the Town of Apple Valley's sphere of influence (sphere). The service review and sphere study area is generally bordered by Tussing Ranch Road on the north; includes areas east and west of Japatul Road; and includes areas north and south of Roundup Way an east and west of Navajo Road, excluding the territory of the Apple Valley Heights County Water District. The Golden State Water Company system maps identified above and in Attachment #4 indicates an area along Tussing Ranch Road between Kiowa and Navajo Roads as within its service area; while it is within the sphere of influence of the District. To date, staff has not clarified this service overlap. A map of the District's boundaries and its sphere is included as a part of Attachment #8 and is shown below:



MUNICIPAL SERVICE REVIEW SUMMARY

The District's reponse to LAFCO's orginal and update request for information includes, but is not limited to, the District's audits, budgets, and 2005 Water Master Plan (Plan) updated June 2007.

Growth and population projections for the affected area.

The 2006 estimated population for the District was 1,097. Growth within the District's boundaries is anticipated to continue at a significant rate, keeping pace with the Town's anticipated growth rate for its sphere. Based on historic growth, the District expects ten new connections per year. However, the County has approved or is considering development applications along the Mojave River immediately outside the District's boundaries and spheres which may signal a more intensive growth pattern.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

Currently, the District provides water to 399 active connections and there are currently 454 serviceable units within its boundaries. It has two wells capable of producing 800 gallons per minute (gpm) or 1.34 million gallons per day and two storage tanks with storage capacity of 900,000 gallons. There is also one small hydroneumatic tank with booster pumps serving customers on Alegre Vista. The Plan indicates that the District had sufficient supply, storage, and distribution facilities to serve the existing connections in 2007. However it notes that it will continue to need other sources of supply (make up and replacement water) to meet service demands.

The District conducts monthly tests of the quality of the water in its system. All results have been within the prescribed limits.

The most recent improvement by the District, taking place in 2006, was the replacement of water mains and valves in portions of the District. This project was funded by connection fees and saved funds. The Plan indicates that the realistic proposed improvements will be centered in the northeast part of the District to replace all standpipes with three-way fire hydrants per the Apple Valley Fire Protection District. Also, the pipeline in Section 14 on Cerra Vista is planned to be replaced with an eight-inch piping. The total construction cost is estimated at $290,500.

MRCWD has water production rights (also known as Base Annual Production) to assure 245 acre-feet (AF) annually. The District is within the Alto sub-region, and Free Production Allowance (FPA) is currently at 60% of Base Annual Production, which permits the district 147 AF of FPA for FY 2008-09. As noted in the most recent Watermaster Annual Report, "further rampdown is not warranted in Alto at this time" [10]. Producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. As indicated in the table below, the historical trend for the District's water production indicates that it produces more than its FPA. Thus, it has to purchase water from other agencies within the sub-basin to avoid paying the higher replacement water and make-up water rates charged by the Watermaster. However, since 2005-06 it has not purchased water from other agencies and has been obligated to pay the higher replacement water rates of the Watermaster.

Mariana Ranchos CWD Water Production and Water Obligations
(units in acre feet unless otherwise noted)

Water Year	Free Production Allowance (FPA)	Carryover from Prior Year	Transfers from Other Water Agencies	Verified Production	Unused FPA or (Water Production in Excess of FPA)	Replacement Water Obligation (Agency overdraft)	Makeup Water Obligation (Watermaster replacement to the sub-basin)
2002-03	184	0	53	(234)	0	$0	$0
2003-04	172	0	194	(257)	109	$0	$0
2004-05	160	109	0	(223)	46	$0	$0
2005-06	147	46	0	(243)	(50)	$12,300	$0
2006-07*	147	0	0	(284)	(137)	n/a	n/a
2007-08**	147	0	n/a	n/a	n/a	n/a	n/a
2008-09	147	--	--	--	--	--	--

[10] 14th Annual Report of the Mojave Basin Watermaster; April 1, 2008, Ch. 5, pg 29.

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years 2003/04 through 2006/07, (April 1, 2005 through April 1, 2008).

Mojave Basin Area Watermaster, Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments Recommended for Filing, For Water Years 2002/03 through 2006/07.

* Subject to amendment in Appendix I in Fifteenth Annual Report of the Watermaster due April 2009.

** Draft data (Appendix B) not available until January 2009.

Financial ability of agencies to provide services.

The District's main sources of revenue are customer charges for water, standby fees of $30 per acre, connection fees, and investment income. According to the District's most recent audit for FY 2005-06, its net assets increased 8.8% to $1,121,000 and revenues were in excess of expenditures by $36,300.

The District has an assessment district known as Assessment District 88-1 (Circle M Rancheritos). Bonds were sold to provide water facilities within this area in 1988 for a total of $481,000. The assessment district was repaid and dissolved in September of 2005.

To pay for improvements and additions to the system, the District plans to increase the connection fees coupled with a supplemental water charge. This supplemental charge would be $1,800 per dwelling unit, representing a two-year deposit for overdraft charges, and will be reviewed each year.

Status of, and opportunities for, shared facilities.

There are no facilities that the District shares.

Accountability for community service needs, including governmental structure and operational efficiencies.

The District is governed by a five-member board of directors and has four employees. The District holds its regular meetings on the third Thursday of the month at the District office, is open to the public, and encourages public comments and suggestions. Furthermore, the District uses monthly newsletters to communicate with customers and to stress conservation. It utilizes an electronic billing system.

The District has held five elections within the past decade with the last one taking place in November 2007.

The District does not participate in joint financing projects and has no joint powers agreements.

Government Structure Options

There are two types of government structure options:

- Out-of-agency service agreements where an agency provides service outside its boundaries; or,

- Other potential government structure options such as consolidation, reorganization, or dissolution.

Out-of-Agency Service Agreements:

The District did not identify whether or not it has service outside its boundaries.

Other Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address all possible options. The options would be:

1. The Commission could assign a zero sphere of influence to the District. This option would send a signal that the Commission anticipates a future consolidation of the public water districts within the Town's southern sphere.

2. A second option also sends a signal that the Commission anticipates a future consolidation of the three county water districts within the Town's southern sphere a part of the Alto sub-basin of the Mojave River adjudication. This option would assign zero spheres to the other two county water districts and expand the sphere of influence of the Apple Valley Foothill CWD to encompass the entirety of the three county water districts in the Town's southern sphere a part of the Alto sub-basin. The Commission could then request that these CWDs meet to discuss consolidation. LAFCO staff is recommending this option.

3. A third option would be to retain the status quo; this would maintain a coterminous sphere and boundary. As mentioned previously in this report, numerous inefficiencies exist by having three separate yet contiguous county water districts in one portion of the area. Maintenance of the status quo would continue such inefficiencies.

As indicated earlier in the discussion of water issues, the Commission has indicated, since 1973, that the public water agencies in the Apple Valley area should consolidate for efficiencies in service delivery, economies of scale for purchasing the services necessary to operate the district – well testing, meter installation, etc., and to address the service needs for potential development in the area. Failure to address the issue at this juncture, in the staff opinion, will mean that the private water companies in the area will expand to surround the four public water districts within the Alto sub-basin limiting their future options.

Local Accountability and Governance

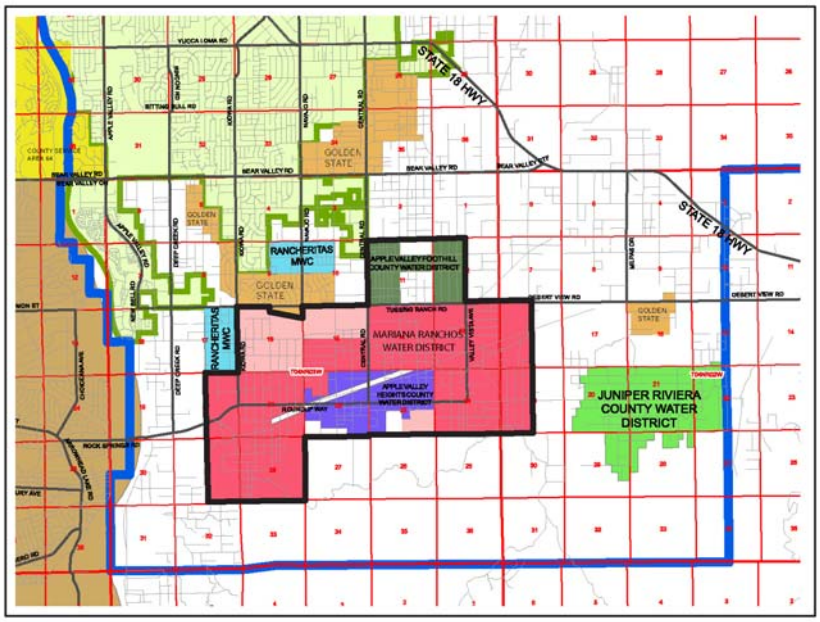
The MRWD is governed by a five-member Board of Directors elected at-large to four-year staggered terms. The figure below lists the current Board of Directors, their titles, and terms of office:

Board Member	Title	Term
Eugene L. Buchanan	Director	2009
Benjamin Crimmins	Director	2009
Joseph W. Monroe	Director	2009
Dennis J. Russell	Director	2007
Mitchell E. Whaley	Director	2007

The information identified above was taken from documents available on the Registrar of Voters website. No information related to an extension of the term of office from 2007 has been provided. In addition the District maintains a routine hearing schedule of the third Thursday of the month. The District did not provide information on its regular office hours.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission assign a zero sphere of influence for the Mariana Ranchos County Water District's sphere of influence, thereby indicating it's position that the Mariana Ranchos, Apple Valley Heights, and Apple Valley Foothill County Water Districts should be consolidated into one agency.



CONSOLIDATED SPHERE OF INFLUENCE
(MARIANA RANCHOS WATER DISTRICT, APPLE VALLEY HEIGHTS COUNTY WATER DISTRICT, & APPLE VALLEY FOOTHILL COUNTY WATER DISTRICT)

LAFCO staff also recommends that the Commission confirm the function and service provided by the Mariana Ranchos County Water District as follows:

FUNCTIONS	***SERVICES***
Water	***Sale of domestic water***

The District's boundary currently encompasses approximately 3,924+/- acres and has two distinct sphere areas, one to the northwest and a smaller area to the south.

The District did not request a change of its sphere through this sphere review. However, staff recommends that the Commission assign a zero sphere of influence to the Mariana Ranchos County Water District, thereby indicating its position that the Mariana Ranchos, Apple Valley Heights, and Apple Valley Foothill County Water Districts should be consolidated into one agency.

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, the District is authorized the function of water. Neither staffs of LAFCO nor the District proposes any changes to the District's authorized powers.

As of December 27, 2007, the District had 714 registered voters within the area.

FACTORS OF CONSIDERATION:

The District was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

Present and Planned Uses

Present uses within the district include vacant lands and residential lots that range from one to forty acres contained within the County General Plan and 960 acres within the Town of Apple Valley General Plan. According to the Plan, 98% of the service area is designated for residential uses. The majority of the District that remains to be developed is located in Sections 14 and 15 and the southern part of Section 21. Large portions of the District's sphere are undeveloped. There will be no effect on the land uses through assignment of a zero sphere of influence.

Present and Probable Need for Public Facilities and Services

The District estimates it build-out population at 3,019 or 1,098 connections. The District currently meets the water demands of its customers. As mentioned, development in the Town's sphere is anticipated to continue, and developments within the area surrounding the existing District have been filed with the County Land Use Services Deaprtment. As the population increases and the uses of the land intensify, the area will require additional water production and water sources.

Present Capacity of Public Facilities and Adequacy of Public Services

As noted above, the District will need to provide for additional water sources to accommodate its rampdown of Free Production Allowance (FPA) or increase monthly charges to offset the cost of make up or replacement water. The Water Plan provided indicates that ongoing planned improvements will meet the needs of the existing customers.

Social and Economic Communities of Interest

The entirety of the District is within the sphere of the Town of Apple Valley. Since the area is unincorporated, it is likely that some residents in the area do not believe they share social or economic ties with the Town.

THUNDERBIRD COUNTY WATER DISTRICT

Municipal Service Review and Sphere of Influence Update

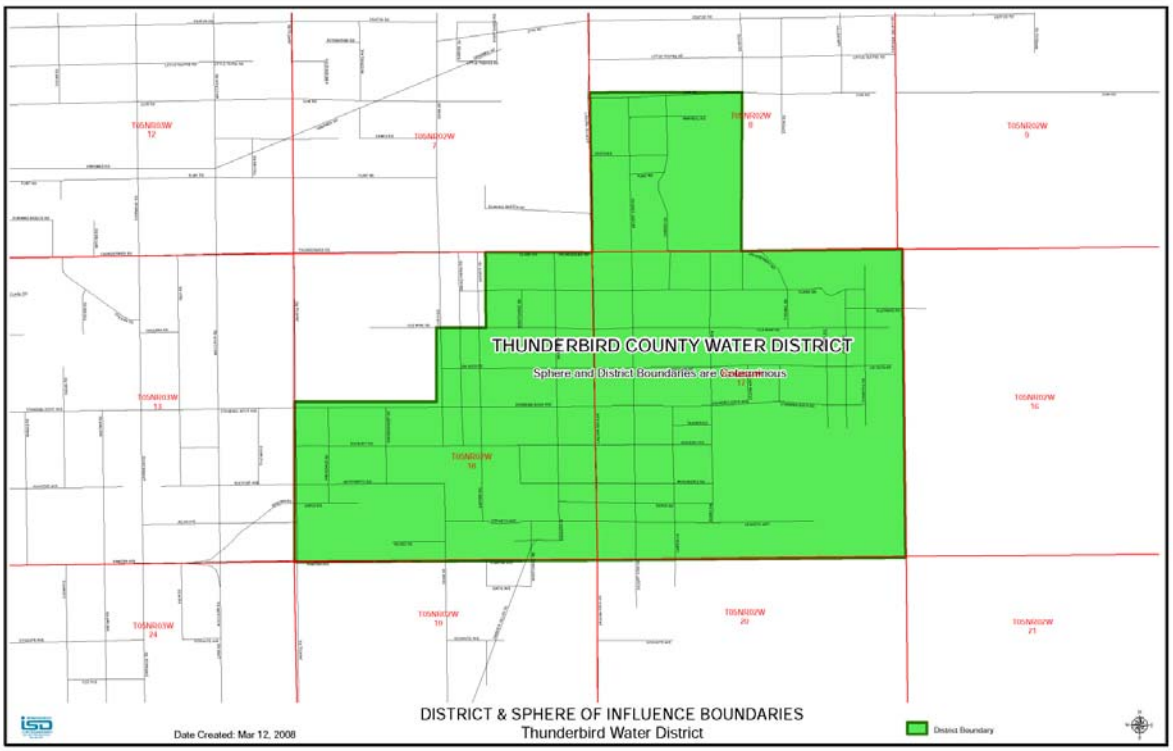
INTRODUCTION:

The Thunderbird County Water District (hereinafter either "TCWD" or "District") prepared a service review consistent with LAFCO's policies and procedures and the factors required by Government Code Section 56430. The District's service review/sphere of influence update is identified as LAFCO 3015. The District's response, and supporting materials are included as Attachment #9 to this report and are briefly summarized in the information which follows.

The District is an independent special district formed in 1964 by resolution of the County Board of Supervisors and successful formation election to provide water to the area. The formation of this agency was reviewed by LAFCO in the first year of its operation (LAFCO 40) and encompassed two square miles of territory. The District currently comprises approximately 1,300 +/- acres, had an estimated population of 535 in 2006, and is governed by a five-member board of directors elected at-large. The District is currently authorized to provide domestic water.

BOUNDARIES:

The District is within the Town of Apple Valley's northeastern sphere of influence (sphere) and is generally located east of the Town's corporate limits and the Apple Valley Ranchos Water Company, north of State Highway 18, and west of County Service Area 29. Immediately to the east, the District abuts a mountain/foothill range which are government lands, which hinder development and service extension east of the District. The District's current sphere of influence is coterminous with its boundaries (LAFCO 1337) having been established in 1973. The last boundary change for the District was LAFCO 1714 in 1977 when it annexed 15 acres of territory within Section 18. A map of the District is included as a part of Attachment #9 and is shown below.



At the inception of the service review/sphere update process, the District proposed a sphere expansion of approximately 4,500 +/- acres through LAFCO 2992. LAFCO staff combined the sphere expansion with this proposal, LAFCO 3015. The sphere expansion would have vastly expanded the District's sphere and would have promoted the District's ability to plan for future water delivery to the area and allow it to review the potential for supplemental water resources for the sustainability of the District. However, the District's expansion request was opposed by a number of landowners contemplating development and processing projects through the County's Land Use Services Department. Most of these projects had secured preliminary service approvals from the Apple Valley Ranchos Water Company. Ultimately, the District rescinded its request for a sphere expansion, thereby requesting maintenance of a coterminous boundary and sphere. No written reason was given for rescinding the sphere expansion, but the staff analysis of the 2004 study of the District's water facilities and capacities indicates that the District could not have served the customers within the proposed sphere expansion area without major improvements and upgrades whose cost would have been borne by the development community.

MUNICIPAL SERVICE REVIEW SUMMARY

The District's response to LAFCO's original and update requests for information includes, but is not limited to, the District's audits, budgets, and 2004 water study. The District does not have a water master plan or capital improvement plan, but it indicates that it utilizes a former master plan from 1993 and it anticipates completion of a new

water master plan in the near future. There is, however, a 2004 general review of the District's system from Wilson So and Associates which has been included in this report.

Growth and population projections for the affected area.

According to the 2000 Census, the estimated population for the District was 505 and the estimated 2006 population was 535. Growth within the District's boundaries is anticipated to continue with the sole limitation being the adequacy of the water supply and the District's facilities.

The current development surrounding the District should also be noted. Historic trends indicate moderate to high growth within this area. As indicated in Attachment #3, current development map, there are numerous projects surrounding the District with two projects abutting the District's boundaries. These projects are conditioned to be served water by the Apple Valley Ranchos Water Company and include tract development projects through general plan amendments, which would increase the need for the full range of public services to the area.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

The District currently has two employees, a general manager and an office manager. Water is provided through underground distribution mains and is supported by three wells and three reservoirs.

The District has about 285 active connections. Based on the water duty coefficient of 435 gallons per day (gpd) per dwelling unit (October 2004 study, pg 2), the District's water demands are as identified below:

Water Demands

Year	Connections	Average Daily Demand (ADD)		Max Daily Demand (2.5 x ADD) [Emergency Storage]		Operational Storage (gallons)	Fire Storage (gallons)
		gpd	AF/Yr	gpd	gpm		
2006	285	123,975	309,938	309,938	215	402,919	492,919

gpd = gallons per day
AF/Yr = acre feet per year
gpm = gallons per minute

The District has three wells with a total production capacity of 712,800 gpd or 495 gpm. They provide adequate supply for current customers unless one is down. The wells were installed in 1967, the early 1980's, and 2002. Maintenance and rehabilitation of existing wells and drilling of additional wells are essential to provide a reliable source of water supply. District staff indicates that the system is in excellent condition overall.

The District has three bolted steel storage tanks with a storage capacity of 410,000 gallons, and the Study indicates that bolted tanks are not as durable as welded steel tanks. The Study recommends regular inspection to ensure the integrity of the structure and interior coating. The District meets the maximum daily demand and operation storage of it customers, but current capacity allows for only 24 hours of reserve storage during the high use months and also does not meet the required fire storage of the Apple Valley FPD. Adding the recommended storage (402,919 gallons) with the required 750 gpm fire flow for two hours, the total storage should be 492,919 to meet fire storage. Therefore, the District lacks 82,919 gallons of storage to meet fire flow demands.

The Study and service review materials do not mention water quality or arsenic issues, if any. In correspondence with LAFCO staff, District staff indicates that arsenic is at 3.17 – 3.92 parts per billion, which is in the range of acceptable standards. Additionally, the District does not have any inter-ties with other agencies for emergency supply; rather, they must rely on their tanks. However, staff is aware that the District is in consultation with the Apple Valley Ranchos Water Company regarding an inter-tie, but no written information has been provided to date. In correspondence with LAFCO staff, District staff indicates that it has no long term contracts for replacement water. The study recommends one new additional tank, one new additional well, and replacement of the small existing piping with larger mains to ensure adequate fire flow.

Thunderbird CWD has water production rights (also known as Base Annual Production) to assure 118 acre-feet (AF) annually. The District is within the Alto sub-region, and Free Production Allowance (FPA) is currently at 60% of Base Annual Production, which permits the district 71 AF of FPA for FY 2008-09. As noted in the most recent Watermaster Annual Report, "further rampdown is not warranted in Alto at this time" [11]. Producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. As indicated in the table below, the historical trend for the District's water production indicates that it produces more than its FPA. Thus, it has to purchase water from other agencies within the sub-basin to avoid paying the higher replacement water and make-up water rates charged by the Watermaster.

[11] 14th Annual Report of the Mojave Basin Watermaster; April 1, 2008, Ch. 5, pg 29.

Thunderbird CWD Water Production and Water Obligations
(units in acre feet unless otherwise noted)

Water Year	Free Production Allowance (FPA)	Carryover from Prior Year	Transfers from Other Water Agencies	Verified Production	Unused FPA or (Water Production in Excess of FPA)	Replacement Water Obligation (Agency overdraft)	Makeup Water Obligation (Watermaster replacement to the sub-basin)
2002-03	89	0	109	(191)	0	$0	$0
2003-04	83	0	63	(138)	0	$0	$0
2004-05	77	0	49	(126)	0	$0	$0
2005-06	71	0	71	(142)	0	$0	$0
2006-07*	71	0	n/a	(136)	(65)	n/a	n/a
2007-08**	71	0	n/a	n/a	n/a	n/a	n/a
2008-09	71	--	--	--	--	--	--

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years 2003/04 through 2006/07, (April 1, 2005 through April 1, 2008).

Mojave Basin Area Watermaster, Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments Recommended for Filing, For Water Years 2002/03 through 2006/07.

* Subject to amendment in Appendix I in Fifteenth Annual Report of the Watermaster due April 2009.

** Draft data (Appendix B) not available until January 2009.

Financial ability of agencies to provide services.

Service upgrades and capacity improvements are funded through capital improvement funds as needed. Revenues for upgrades and improvements is generated from standby charges and meter sales. The District charges a standby charge of $30 per acre since June 1996, and these funds are used to make loan payments for installation of the original system and future projects.

According to the District's audits for FY 2004-05 and 2005-06, the District's cash flow decreased by $626 for FY 2004-05 but increased roughly $21,000 to $115,716 for FY 2005-06. Net assets increased roughly $38,000 in FY 2005-06 from the previous year.

Status of, and opportunities for, shared facilities.

There are no facilities that the District shares and it does not have any inter-ties with other agencies.

Accountability for community service needs, including governmental structure and operational efficiencies.

The District does not participate in joint financing projects. Being a small water district, the ability to serve more efficiently increases with increased customer base.

The District has not had an election for over a decade. Members of the Board of Directors are appointed in lieu of election.

Government Structure Options

There are two types of government structure options:

- Out-of-agency service agreements where an agency provides service outside its boundaries; or,

- Other potential government structure options such as consolidation, reorganization, or dissolution.

Out-of-Agency Service Agreements:

The District has identified that it does not currently provide service outside its boundaries and its infrastructure is a limitation.

Other Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address all possible options. The options would be:

1. The Commission could assign a zero sphere of influence to the District. This option would send a signal that the Commission anticipates a future consolidation of the public water districts within the Town's southern sphere.

2. A second option would be to include the TCWD with a future consolidation of the three county water districts within the Town's southern sphere a part of the Alto sub-basin of the Mojave River adjudication. However, the TCWD has no direct connection with these other water districts, as its system is more than four miles from these agencies.

3. A third option would be to retain the status quo; this would maintain a coterminous sphere and boundary.

As indicated earlier in the discussion of water issues, the Commission has indicated, since 1973, that the public water agencies in the Apple Valley area should consolidate for efficiencies in service delivery, economies of scale for purchasing the services necessary to operate the district – well testing, meter installation, etc., and to address

the service needs for potential development in the area. Failure to address the issue at this juncture, in the staff opinion, will mean that the private water companies in the area will expand to surround the four public water districts within the Alto sub-basin limiting their future options. For the Thunderbird CWD it appears that the options are limited and maintenance of the status quo, the existing sphere of influence coterminous with District boundaries is appropriate.

Local Accountability and Governance

The District is governed by a five-member Board of Directors elected at-large to four-year staggered terms. The figure below lists the current Board of Directors, their titles, and terms of office:

Board Member	Title	Term
Beth Drake	Director	2007
Peter Lindberg	Director	2009
Betty Kreml	Director	2009
Robert H. Tebbets	Director	2007
Stephen Kass	Director	2007

The information identified above was taken from documents available on the Registrar of Voters website. No information related to an extension of the term of office from 2007 has been provided. No information related to an extension of the term of office from 2007 has been provided. In addition the District maintains a routine hearing scheduled before the Board of Directors. The District did not provide an outline of its regular office hours.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission affirm the Thunderbird County Water District's sphere of influence, thereby maintaining a coterminous boundary and sphere of influence.

LAFCO staff also recommends that the Commission confirm the function and service provided by the Thunderbird County Water District as follows:

FUNCTIONS	***SERVICES***
Water	***Domestic***

The District's boundary currently encompasses approximately 1,200+/- acres. Its boundaries and sphere are coterminous. The District has indicated that no modifications to the existing sphere are currently anticipated.

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, the District is authorized the function of water. Neither staffs of LAFCO nor the district proposes any changes to the district's authorized powers.

As of December 27, 2007, the District had 335 registered voters within its service area.

FACTORS OF CONSIDERATION:

The District was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

Present and Planned Uses

Present uses within the district include residential and vacant lands. The County Land Use designations assigned by the updated County General Plan include Resource Conservation (RC) allowing one unit per forty acres, Rural Living (RL) allowing one unit per five acres, and Residential Single (RS) allowing one unit per acre minimum. Furthermore, as indicated in the attached map, current development in the surrounding areas is significant. Such developments include tract development projects through general plan amendments. None of these projects anticipates the receipt of water service from the TCWD.

Present and Probable Need for Public Facilities and Services

The District currently meets the water operational demands of its customers within its boundaries. However, it does not meet fire storage and fireflow demands. As the population increases and the uses of the land intensify, the area will require additional water production. The District indicated that developments adjacent to the District desiring annexation would be required to pay for a feasibility study to identify system deficiency and infrastructure needs. However, the District has identified a maintenance of the sphere of influence coterminous with its existing boundaries.

Present Capacity of Public Facilities and Adequacy of Public Services

Current facilities and services delivered are adequate to meet operational demands. The District owns and operates three wells and reservoirs. The Water Study identifies the need for additional storage capacity, additional water production and the purchase of additional water to supplement its free production allowance. Staffing levels meet the needs of the area.

Social and Economic Communities of Interest

The entirety of the District is within the sphere of the Town of Apple Valley. Since the area is unincorporated, it is likely that some residents in the area do not believe they share social or economic ties with the Town; however, it is the economic and retail hub for the region.

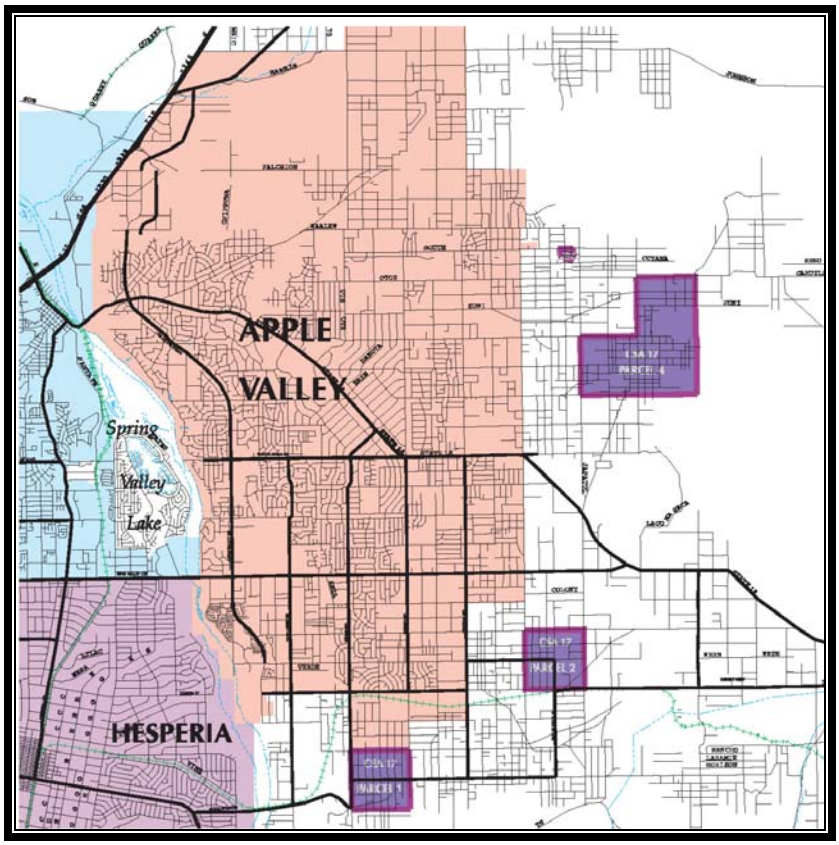
COUNTY SERVICE AREA 17

Municipal Service Review and Sphere of Influence Update

INTRODUCTION:

County Service Area 17 (hereinafter either "CSA 17" or "District") prepared a service review consistent with LAFCO's policies and procedures and the factors required by Government Code Section 56430. LAFCO 3014 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence (sphere) update pursuant to Government Code Section 56425.

CSA 17 was formed in December 1964 by an act of the County of San Bernardino Board of Supervisors to provide streetlighting services to the Apple Valley community. Prior to the Board's approval, LAFCO reviewed the proposal and approved its formation, specifically reviewing its boundary. CSA 17 is a dependent special district governed by the County of San Bernardino Board of Supervisors. The last action that the Commission considered related to CSA 17 was the incorporation of the Town of Apple Valley in 1988 (LAFCO 2470). That action detached the majority of CSA 17's territory transferring responsibility for all but 47 of its streetlights. The existing territory of CSA 17 in four separate areas is shown on the map below:



BOUNDARIES:

Currently, CSA 17's sphere of influence is coterminous with its boundaries which encompasses four non-contiguous areas. CSA 17 is within the eastern and southern sphere of influence of the Town of Apple Valley. The areas are described as follows:

> **Parcel 1** is generally bordered by the Town on the north, Navajo Road on the east, Kiowa Way on the west, and includes areas north and south of Power Line Road.
>
> **Parcel 2** is generally bordered by Japatul Road on the east, a combination of Tussing Ranch Road and Desert View Road on the south, Joshua Road on the west, and Del Oro Road on the north.
>
> **Parcel 3** is generally south of South Road, east and west of Moccasin Road.
>
> **Parcel 4** is generally bordered by Cahuilla Road on the north, the Granite Mountains on the east, Chuckwalla Road on the south and Japatul Road on the west (generally the area within the Thunderbird County Water District).

In the staff view, there are three options for the future of this agency, given its single purpose:

1. Expansion of CSA 17's sphere to be coterminous with the unincorporated area of the Town of Apple Valley's eastern and southern sphere (excluding the northwestern area along I-15). This would provide for a regional perspective for a service which contributes to the safety of residents;

2. Affirmation of the existing sphere designation indicating that there is no need for the agency's services in the balance of the affected area; or,

3. Designation of a zero sphere of influence indicating the Commission's determination that this agency should be dissolved and its service should be assumed by another agency.

It is the staff's position that the review which follows points toward either the expansion of the existing sphere of influence providing direction that future service needs would necessitate the annexation to the CSA 17 or the designation of a zero sphere of influence and the determination that these services should be assumed by another agency.

MUNICIPAL SERVICE REVIEW SUMMARY

The County Special Districts Department, administrators for board-governed special districts, prepared a service review consistent with San Bernardino LAFCO policies and procedures. The Department's response on behalf of the District to LAFCO's original and updated requests for materials are included in Attachment #10 to this report and includes, but is not limited to, CSA 17's audits and budgets and an outline of the streetlights associated with this district.

Growth and population projections for the affected area.

The Apple Valley community has experienced significant growth within the past ten years and additional growth is anticipated in the coming years. However the area within the boundaries of CSA 17 has not experienced significant growth due to the limiting factors of water supply. The materials provided indicate a population of 1,475 in 1995 as estimated by a private source; however, during the past 13 years the population has increased in the area. A population count has not been conducted in the interim and a current estimated population for each of the four areas could not be obtained since the Census tracts are larger than each separate area.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

The district provides for payment of the utility costs for operation of 47 streetlights. There are no plans at this time to increase the number of the streetlights. There is no other service provider for streetlights in the area, and CSA 17 adequately provides this service. The future need for streetlights will increase as the population grows dependent upon the implementation of the County's Night Sky ordinance (described on page 93) within this portion of the desert. Major developments currently in process in the County's Land Use Services Department may require public streetlights for major intersections for public safety purposes which should be coordinated with the district.

LAFCO staff has conducted a review of the streetlights billed to the accounts of CSA 17 and identified that it includes 47 streetlights. However, a review of the maps outlining the location of these lights shows that seven (7) of these lights are not within the existing boundaries of CSA 17. This information is broken down as follows:

AREA	LIGHTS WITHIN	LIGHTS OUTSIDE	TOTAL
1	16	2	18
2	0	3	3
3	7	0	7
4	17	2	19
TOTALS	**40**	**7**	**47**

In the staff view, the options for this agency are: 1) to expand the boundaries of the District to include the area in which these lights are located or 2) turn the lights off removing them from the bill for CSA 17.

Financial ability of agencies to provide services.

The Special Districts Department submitted budget and audit information for CSA 17 as part of the service review. At the time this report was prepared, the Special Districts Department had not yet received the FY 2006-07 audit for CSA 17; therefore, the FY 2005-06 audit is the most current audit available and has been used for this report. This document is included as a part of Attachment #10.

CSA 17's sources of funding are its share of the general ad valorem property taxes and interest. At present it receives approximately 15.7% of the general tax levy in its affected tax rate areas; this corresponds to the rate received by County General Fund. As indicated in the audit and budget information provided, the revenue generated greatly exceeds the amount necessary to support the existing streetlighting operations. For example, in FY 2005-06 CSA 17 received $141,272 in revenue, of which 80.8% is attributable to property taxes. Expenditures for the same year totaled $10,878 and were comprised of Salaries and Benefits ($3,410) and Services and Supplies ($7,468). Of the Services and Supplies amount, $4,395 was for the direct cost of supplying electricity for the 47 lights on its bill from Edison. The chart below shows the financial activity of the district for the past six years and the budget for the current fiscal year.

	Expenditures	Total Revenue (Property Tax Receipts)	Change in Fund Balance	Ending Fund Balance
FY 2002-03 [1]	$140,510	$109,004 (93,784)	-$31,506	$484,529
FY 2003-04 [1]	$130,881	$109,014 ($100,452)	-$21,867	$462,662
FY 2004-05 [2]	$11,035	$116,707 ($98,190)	$105,672	$568,334
FY 2005-06 [2]	$10,878	$141,272 ($114,199)	$130,394	$698,728
FY 2006-07 [3]	$10,844	$205,088 ($171,993)	$194,244	$892,972
FY 2007-08 [4]	$17,680	$215,272 ($189,887)	$197,592	$1,090,564
FY 2008-09 [5]	$27,961	$216,887 ($189,887)	$188,926	$1,279,490

1 source: FY 2003-04 and FY 2004-05 Budgets - Actuals for Prior Year

2 source: FY 2004-05 and FY 2005-06 Audits

3 source: FY 2007-08 Budget – Actual for Prior Year

4 source: FY 2008-09 Proposed Budget – Year end Estimates for Prior Year

5 source: FY 2008-09 Proposed Budget; Fund Balance Ending is calculated according to the budget

As indicated in the chart, CSA 17's revenue vastly exceeds its actual expenditures. Further, yearly variation in expenditures is slight, with yearly revenue experiencing significant increases. In other words, CSA 17's change in fund balance experiences greater increases over the prior year. For example, the fund balance has increased by almost $200,000 per year for the last three years.

The hefty share of the general ad valorem tax attributable to CSA 17 arises from the incorporation of the Town of Apple Valley in 1988. The reorganization action to incorporate the Town included the detachment of the area from CSA 17 as required by Government Code Section 25210.90. The number of streetlights which were the responsibility of CSA 17 decreased from 516 to the current number of 47; however the property tax transfer for the incorporation was based on the cost of service for the 469 lights, $62,344 in 1988 dollars. The residual property tax was applied to these four areas and the cost of service was transferred to CSA 17. Meanwhile, the ad valorem property tax distribution from the general levy within the current CSA 17 boundaries has increased to an amount more than 1500% higher than necessary to support the 47 streetlights. As of June 30, 2008, CSA 17's fund balance is calculated by the County budget process to be $1,090,564.

Status of, and opportunities for, shared facilities.

Southern California Edison owns the streetlights; therefore, the streetlights cannot be shared. The only service that CSA 17 is authorized to provide is streetlights so no other shared facilities can be considered. However, the County could look at expanding the range of service provided through CSA 17. The Special Districts Department consolidates the administrative operations and facilities for county service areas under the auspices of CSA 70. CSA 17 pays an allocated share for administrative facility use and the FY 07-08 and FY 06-07 Adopted Budgets identify $644 and $829 as transfers-out to pay for services and supplies and administration costs, respectively, and a share of the salary transfers out goes to pay for administrative overhead.

Accountability for community service needs, including governmental structure and operational efficiencies.

Governmental Structure

The San Bernardino County Board of Supervisors governs CSA 17; it is within the political boundaries of the First Supervisorial District. The District does not have a commission or municipal advisory council. The mandatory annual meeting for the District is held during the review and approval of the budget process, no others are known to have taken place.

Operational Efficiency

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions

necessary to manage the various services provided under County Service Area 70. One Special Districts Department manager oversees all the county operated streetlight districts and one inspector provides support services. These costs are apportioned to each agency and are identified as part of the departmental staffing cost. The FY 07-08 and FY 06-07 Adopted Budgets identify $4,091 and $6,810 as transfers-out to pay for salaries and benefits administration costs, respectively.

Action taken on June 17, 2008 by the Board of Supervisors of the County of San Bernardino set the preliminary appropriation limit in Fiscal Year 2008-09 for CSA 17 to be $271,930.

Government Structure Options

As identified in the opening section of this report, there are three governmental structure options for this agency:

1. Expansion of CSA 17's sphere to be coterminous with the unincorporated area of the Town of Apple Valley's eastern and southern sphere. This would provide for a regional perspective for a service which contributes to the safety of residents. This option would allow the District to meet the streetlighting needs of the growing population of the Town's sphere. In correspondence with LAFCO staff, Special Districts Department staff indicates that it would be beneficial to look at expanding the sphere to allow for future annexations to CSA 17 as needed.

2. Affirmation of the existing sphere designation indicating that there is no need for the agency's services in the balance of the affected area. Adoption of this option would retain the status quo and the fund balance of this district will continue to accumulate when there are service needs it could be used for within its territory.

3. Designation of a zero sphere of influence indicating the Commission's determination that this agency should be dissolved and its service should be assumed by another agency. On February 12, 2008, the County Board of Supervisors approved a study for potential reorganization of CSA 17. According to the narrative portion of this agenda item (a part of Attachment #10) the study will include, but not be limited to: 1) possible dissolution of CSA 17 and entering into an out-of-agency service agreement with the Town for maintenance of the streetlights, 2) reorganization of CSA 17, such as a consolidated county-wide streetlighing entity, and the redistribution of the ad valorem property taxes attributable to CSA 17, and 3) alternative uses for CSA 17's operating budget surplus. Approval of this action directed the County Administrative Office and Special Districts Department staff to initiate the study. The reason for the initiation of the study is similar to LAFCO's concern regarding CSA 17 – the revenues that CSA 17 receives far exceed the amount necessary to support the 47 streetlights within its boundaries. To date no information on the status of the study has been received by LAFCO staff.

4. The County Special Districts Department has proposed a fourth option in correspondence related to the municipal service review that it has recommended in the past to consolidate the districts with only streetlight powers in the unincorporated area of the County into a single entity, and CSA 17 is one of those districts. The stated benefit would be reduced administrative and incidental costs such as a single audit report and legal notices. LAFCO staff has not received any additional information regarding this option from Special Districts Department. Much like the County Fire Reorganization this would eliminate the need for multiple budgets and combined the revenues so that payments to Southern California Edison would come from a single source. In addition, it would allow for the coordination of streetlight locations as was identified in the service review for County Service Area SL-1.

In the staff view either Option One (expansion of the sphere of influence) or Option Three (a zero sphere of influence indicating the absorption of this district by another agency) would be appropriate. In the final analysis, it is the staff's recommendation that Option One be adopted unless there is additional information available from the County on its study of this agency.

SPHERE OF INFLUENCE REVIEW

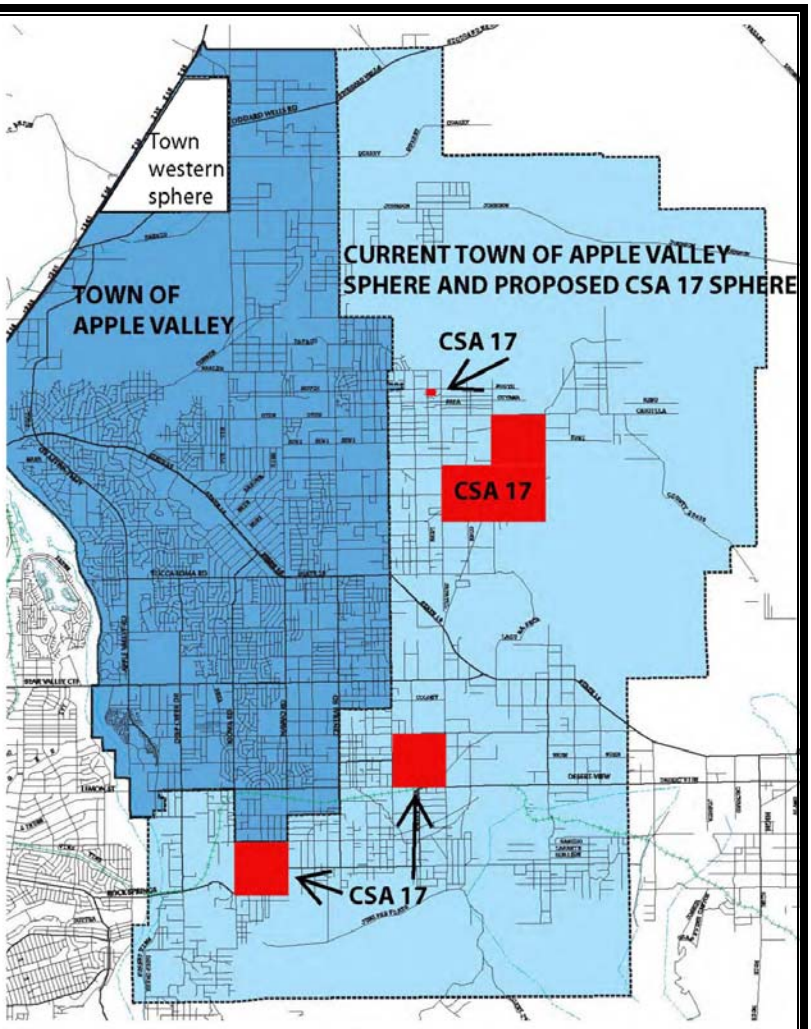
LAFCO staff recommends that the Commission expand County Service Area 17's sphere of influence to include the territory within the southern and eastern sphere of influence of the Town of Apple Valley.

LAFCO staff also recommends that the Commission confirm the function and services provided by County Service Area 17as follows:

FUNCTIONS	*SERVICES*
Streetlighting	**Streetlighting**

CSA 17's sphere of influence is coterminous with its boundaries and is comprised of four non-contiguous areas in the eastern and southern sphere of influence of the Town of Apple Valley.

In processing this review, LAFCO staff discussed with Special Districts Department staff that an expansion of the District's sphere of influence would be appropriate and that the boundary should address the unincorporated portion of the Apple Valley community in proximity to the District. Special Districts Department staff agreed in a written response, included as a part of Attachment #10, that it would be beneficial to look at expanding the sphere to include the unincorporated areas within the sphere of the Town of Apple Valley. LAFCO staff is recommending expansion of CSA 17's sphere be expanded to include the unincorporated area of the Town of Apple Valley's southern and eastern sphere of influence (shown in the map below). The expansion of approximately 113 +/- square miles of CSA 17's sphere would identify the appropriate agency to provide this service as the landowners and the County Land Use Services Department evaluate development applications and it allows the district to plan for serving the area, as the Town's sphere has experienced significant growth within the past ten years with additional growth anticipated. No change in land use for the area will occur through inclusion of the area within CSA 17's sphere.



LAFCO 3018 - Proposed Sphere of Influence Expansion for County Service Area 17, to be coterminous with the Town of Apple Valley's unincorportated sphere except for the Town's western sphere area

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, CSA 17 is authorized to provide the function of streetlighting. Neither LAFCO nor Special Districts Department staffs propose any changes to CSA 17's authorized powers.

FACTORS OF CONSIDERATION:

The Special Districts Department was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

Present and Planned Uses

CSA 17 encompasses approximately 3,205 +/- acres (5.0 square miles) of territory. At present, the land uses of CSA 17 include residential and vacant land. The County of San Bernardino has assigned general plan land use designations of Rural Living and Residential Single. Portions of the territory of CSA 17 support an urban intensity of land use.

The proposed sphere expansion area comprises approximately 113 +/- square miles. The area encompasses the entirety of the Town's sphere of influence and includes the full range of the County's general plan land use designations. No change in land use for the area will occur through inclusion of the area within CSA 17's sphere.

Present and Probable Need for Public Facilities and Services

CSA 17 is authorized to provide streetlighting services within its boundaries and operates and maintains 47 streetlights. Currently, the district meets the service needs of those within its boundaries. The future need for streetlights will increase with population growth, as denser developments will require such service.

The Town's sphere does not have streetlights except for the streetlights within the boundaries of CSA 17. This is due to the County's Night Sky Ordinance[12], which has as its purpose to encourage outdoor lighting practices and systems that will minimize light pollution, conserves energy, and curtails the degradation of the nighttime visual environment. Non-conformance to the Ordinance is administered by the Director of Land Use Services or authorized designee. There are, however, signal lights atop of the traffic signals that illuminate the intersections maintained by County Transportation. An example is the intersection of Deep Creek Road and Rock Creek Road.

Present Capacity of Public Facilities and Adequacy of Public Services

CSA 17 provides streetlighting within its boundaries and adequately serves the area. The revenue generated through property taxes is more than sufficient to support the electricity charges for the streetlights.

Social and Economic Communities of Interest

The entirety of CSA 17 is within the sphere of the Town of Apple Valley which is the economic and social hub for the community. As a County Service Area it is not included within Town boundaries. Parts of the District's service area are included in other agencies associated with the Town's sphere of influence such as Thunderbird Cpimtu Water District and Mariana Ranchos County Water District. However, since the area is unincorporated, it is likely that some residents in the area do not believe they share social or economic ties with the Town.

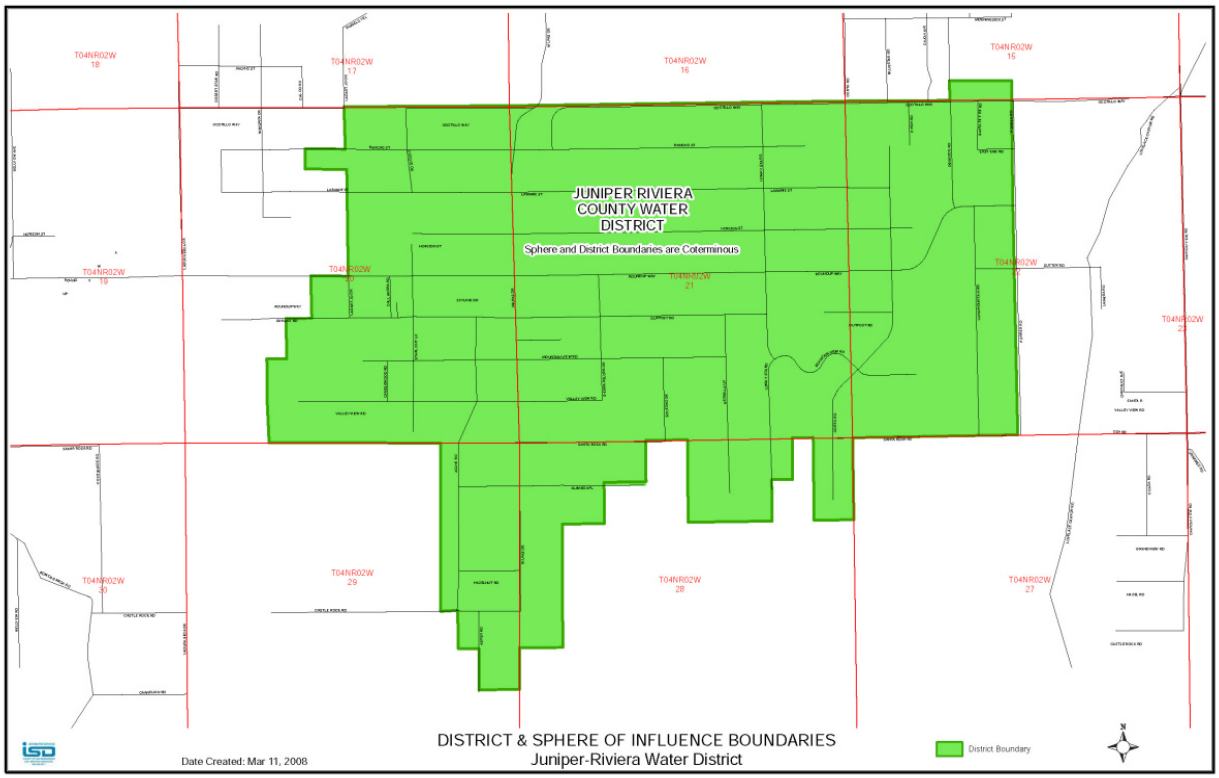
[12] County of San Bernardino, Development Code Chapter 83.07, Adopted Ordinance 4011 (2007).

JUNIPER RIVIERA COUNTY WATER DISTRICT

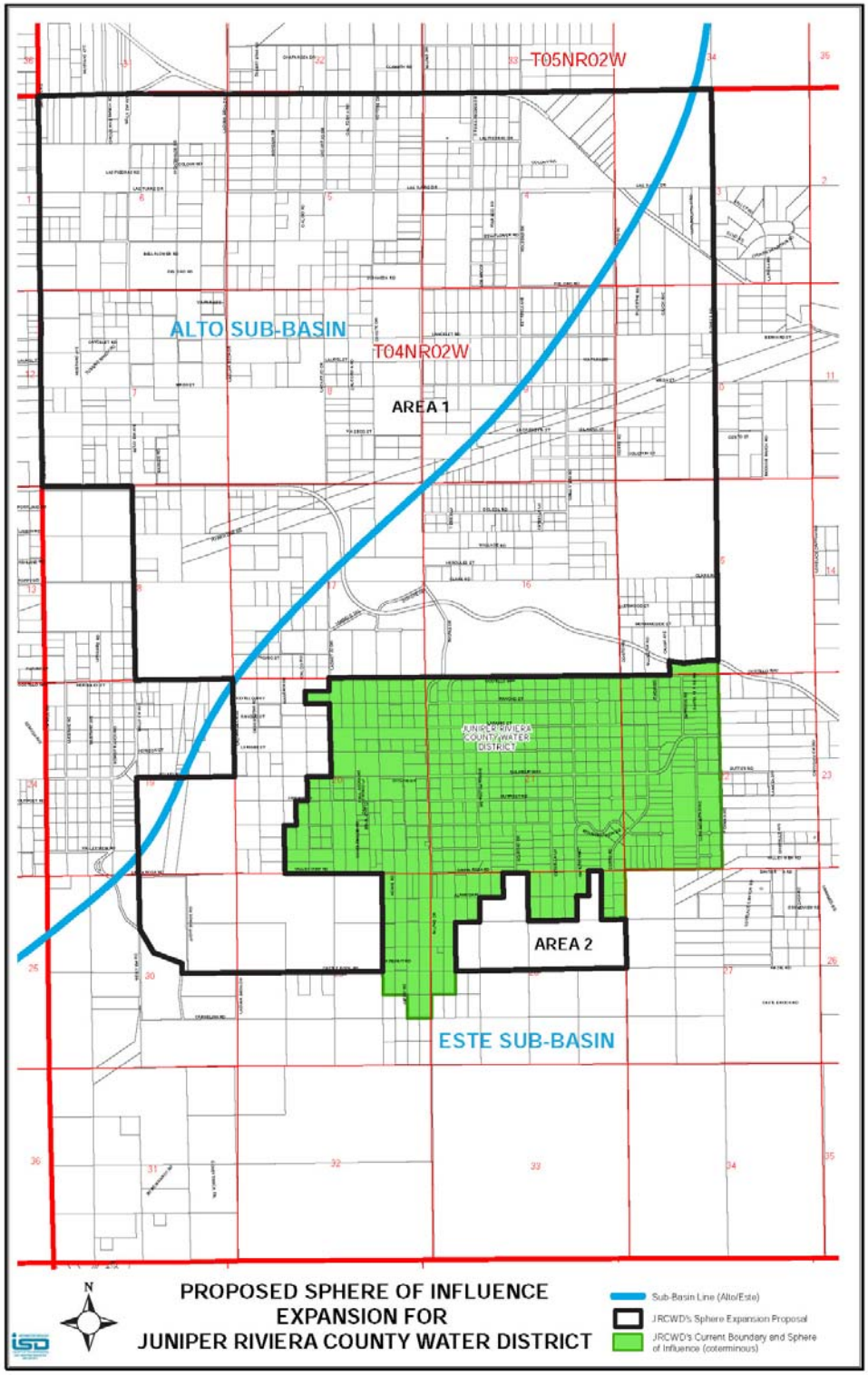
Municipal Service Review and Sphere of Influence Update

INTRODUCTION:

The Juniper Riviera County Water District (hereinafter either "JRCWD" or "District") prepared a service review consistent with LAFCO's policies and procedures and the factors required by Government Code Section 56430. The current boundary and sphere of influence assigned the District is included in Attachment #11 and is shown below:



In addition, the District has submitted a sphere of influence expansion request (LAFCO 3005) to include an additional 7,208 acres (11.27 square miles) located in two separate areas. The map shown below identifies this expansion request:



The District's response and supporting materials are included as Attachment #11 to this report and are briefly summarized in the information which follows.

BACKGROUND:

The District is an independent special district formed in 1976 pursuant to County Water District Law, Water Code 30000 et seq., to provide retail water service to the area and, at the time of its formation, road services. The formation of the District was reviewed and considered by LAFCO (LAFCO 1511) which was a reorganization to include dissolution of County Service Area 49 (CSA 49) and formation of the water district. CSA 49 was authorized the services of water, road maintenance, streetlights, and park and recreation. However, the actual dissolution of CSA 49 did not take place until 1978 due to the condition that the dissolution would not occur until all of its obligations were paid. At the time there were debt issues and litigation regarding the funding of CSA 49 which was not resolved until 1978. The final transfer of assets including the well, easements, etc. was finalized in May 1978. Road powers were authorized by special legislation for the District and assumed, but in 1985 those powers were relinquished, at the request of the District, by the Commission's approval of LAFCO 2329. The streetlighting and park and recreation services were not specifically identified for assumption by another entity in the materials on file for this proposal and its is unknown what happened to these services.

At this time, the District comprises approximately 1,350 +/- acres, had an estimated population of 650 in 2006, and is governed by a five-member board of directors elected at large. The District is currently authorized to provide water services.

BOUNDARIES:

The District is located wholly within the Town of Apple Valley's sphere of influence (sphere) being generally three miles east of the Town's corporate limits and the Mariana Ranchos Water Company, south of Desert View Road, west of and abutting the County Service Area 29 sphere and boundary, and north of parcel lines. At this time the District's sphere of influence is coterminous with its boundaries.

In the early 1990's the District proposed a sphere of influence expansion which would have extended into the Lucerne Valley community as well as westerly into the Apple Valley Community (LAFCO 2653). This expansion was approved for 14 square miles surrounding the district, but was vehemently opposed by landowners to the southeast, then known as Jacumba, which owned the Sky High Ranch as well as the Citizens for Water Conservation generally associated with the Lucerne Valley community. The last sphere change for the District was a sphere reduction, LAFCO 2693A, in 1992, which removed the 14 square miles based upon the failure of the District to complete a water management plan for the territory. As discussed later in this report, the District proposes a sphere expansion of approximately 7,208 +/- acres. Maps of the District's current boundaries and sphere, as well as the District's proposal to expand its sphere of influence, are included as a part of Attachment #11 and are shown above.

MUNICIPAL SERVICE REVIEW SUMMARY

LAFCO requested the submission of specific information from the District in order to prepare a service review as required by Government Code 56430. The District's response to LAFCO's original and updated requests (briefly summarized below and included in Attachment #11) includes, but is not limited to, the District's audits, budgets, and Water Resource Study (Study). The District does not have a water master plan but conducted a water resource study in 2002.

Growth and population projections for the affected area.

According the County's Land Use Services Department, the 2006 estimated population for the District was 650. Growth within the District's boundaries is anticipated to continue at a steady pace, but not at the significant rate of the Town's anticipated growth rate for its sphere. The District anticipates that most of the growth will take place within the developed areas within its boundaries.

The current development surrounding the District should also be noted. Historical trends indicate limited growth within this area; however, development applications in the general area have been received by the County. As noted earlier in this report, there is a large development abutting the District's northern boundary which proposes the development of 336 units (Richmond project).

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

The District currently has three employees, a general manager, a maintenance engineer, and a secretary. These three employees have been continuously employed with the District for more 13 years.

The District has two wells located at similar elevations with the first well coming on line in 1979. The second well was constructed in 1982 and was renovated in 2002. Both wells are capable of producing approximately 0.42 acre feet of water per day for 12 hours of operation. The District has experienced a slight decrease in its water table. However, the production of the two service wells remains consistent with prior year's production, when no drought was present.

Three reservoirs serve the District with a combined capacity of 165,000 gallons. The District maintains continuous daily water storage levels (33% of capacity) in all reservoirs to meet the Apple Valley Fire Protection District requirements for fire protection water storage. Approximately 35% (56,030 gallons) of all stored water is consumed each day by consumers. With the addition of another well and reservoir, estimated completion for both within a few years, the District will be able to provide water under build-out conditions.

The basic infrastructure was constructed between 1979 and 1981 and includes steel reservoirs and 70% concrete pipes. Pumps, motors, hydrants, buildings, and other appurtenances are between 2 – 15 years old. Old pipe is replaced with PVC pipe as needed, and the District indicates that these pipe repairs have had a positive impact on water delivery to its customers. The District indicates that the overall condition of the distribution system, the storage system, and buildings are excellent.

The District's capacity at build-out is approximately 515 units and it is currently planning for the capital improvements necessary to accommodate this service level. According to the Study, the District's distribution system does have the capacity to meet moderate growth patterns based upon growth not to exceed 275 meters. Future growth beyond 275 meters would require additional improvements to the system. Should a build-out situation occur within the near future, the District would not be in a position to handle the heavily increased demand. However, build-out in the near future is not likely. Nonetheless, revenues are being set aside specifically for capital improvements to serve at build-out capacity.

The District indicates that it meets or exceeds fire prevention regulations and reserve water capacities.

Juniper Riviera CWD has water production rights (also known as Base Annual Production) to assure 37 acre-feet (AF) annually. The District is within Este sub-region, and Free Production Allowance (FPA) is currently at 80% of Base Annual Production, which permits the District 30 AF of FPA for FY 2008-09. As noted in the most recent Watermaster Annual Report, further rampdown is not warranted in Este at this time but "any material increases in water production or changing conditions could result in an immediate rampdown in Este to 65% or lower…". [13] Producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. As indicated in the table below, the historical trend for the District's water production indicates that it produces more than its FPA. Thus, it has to purchase water from other agencies within the sub-basin to avoid paying the higher replacement water and make-up water rates charged by the Watermaster.

[13] 14th Annual Report of the Mojave Basin Watermaster; April 1, 2008, Ch. 5, pg 29.

Juniper Riviera CWD Water Production and Water Obligations
(units in acre feet unless otherwise noted)

Water Year	Free Production Allowance (FPA)	Carryover from Prior Year	Transfers from Other Water Agencies	Verified Production	Unused FPA or (Water Production in Excess of FPA)	Replacement Water Obligation (Agency overdraft)	Makeup Water Obligation (Watermaster replacement to the sub-basin)
2002-03	30	0	34	(64)	0	$0	$0
2003-04	30	0	42	(72)	0	$0	$0
2004-05	30	0	29	(47)	12	$0	$0
2005-06	30	12	30	(72)	0	$0	$0
2006-07*	30	0	30	(74)	(14)	n/a	n/a
2007-08**	30	0	n/a	n/a	n/a	n/a	n/a
2008-09	30	--	--	--	--	--	--

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years 2003/04 through 2006/07, (April 1, 2005 through April 1, 2008).

Mojave Basin Area Watermaster, Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments Recommended for Filing, For Water Years 2002/03 through 2006/07.

* Subject to amendment in Appendix I in Fifteenth Annual Report of the Watermaster due April 2009.
** Draft data (Appendix B) not available until January 2009.

Financial ability of agencies to provide services.

The District's main sources of revenue are water consumption sales, meter installation charges, property tax receipts, a $30 standby fee charge, and bond revenue collections. The District indicates that it has raised enough revenue to purchase additional land necessary to construct a new well without loans or other financial assistance. It estimates that it will have enough revenue to begin construction on a new well in 2008 and additional funding for another reservoir should be available within the next two years.

According to the District's FY 2005-06 audit, its net assets increased by roughly $69,000 to $792,217 and its cash flow increased by roughly $87,000 to $230,374. In addition, the District ended FY 2006-07 with revenues in excess of expenditures by $45,685.

Status of, and opportunities for, shared facilities.

There are no facilities that the District shares and it does not have any inter-ties with other agencies. It does state in the service review that it has verbal agreements with

Mariana Ranchos CWD and Thunderbird CSD to lend equipment and provide water during emergency situations only.

Accountability for community service needs, including governmental structure and operational efficiencies.

The District indicates that as of 2006 it had not received any service complaints for six years. It does not participate in joint financing projects and has no joint powers agreements.

The District has not had an election for an open seat on the board of directors for over a decade. All current directors have been appointed.

Government Structure Options

There are two types of government structure options:

- Out-of-agency service agreements where an agency provides service outside its boundaries; or,
- Other potential government structure options such as consolidation, reorganization, or dissolution.

Out-of-Agency Service agreements:

The District has identified that it does not currently provide service outside its boundaries.

Other Government Structure Options:

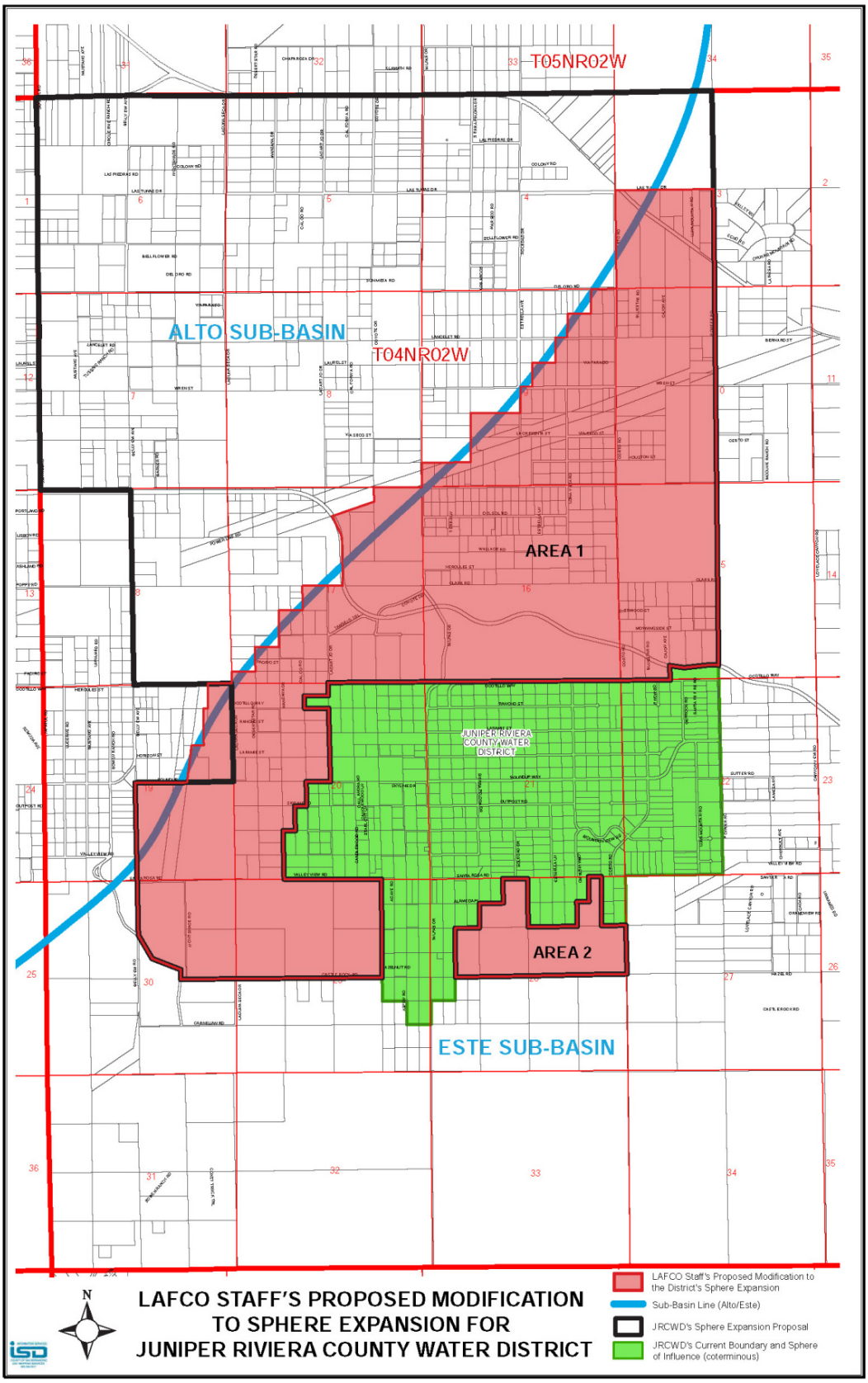
While the discussion of some government structure options may be theoretical, a service review should address all possible options. The options would be:

1. The Commission could assign a zero sphere of influence to the District. This option would send a signal that the Commission anticipates a future consolidation of the public water districts within the Town's southern sphere. However, staff's review indicates that the JRCWD is within the Este Sub-basin of the Mojave River adjudication while the balance of the public water districts are within the Alto sub-basin. A review of this question with the Mojave Water Agency indicates that this would create issues related to maintenance of the hydrologic balance in these basins, the transfers of water between basins and the accounting issues that would be needed to address cross basin districts.

2. A second option would be to retain the status quo; this would maintain a coterminous sphere and boundary.

3. The third option would be to expand the sphere of influence of the agency. Under this option there is the sphere expansion as requested by the District in its application. Staff does not support this since a portion of the area, approximately 6 ½ square miles is within the Alto sub-basin of the Mojave River Adjudication. However, staff's review of this application indicates that inclusion of the territory of the Este sub-basin area could be supported. Staff's recommendation is to approve the expansion of the sphere of influence only to include the territory within the Este Sub-basin in Area #1 and all of Area #2.

As indicated earlier in the discussion of water issues, the Commission has indicated, since 1973, that the public water agencies in the Apple Valley area should consolidate for efficiencies in service delivery, economies of scale for purchasing the services necessary to operate the district – well testing, meter installation, etc., and to address the service needs for potential development in the area. However, at the time this was discussed the hydrologic divides were not specifically identified. Therefore, staff will be recommending option #3, expanding the sphere of influence only to include the territory within the Este sub-basin. A map of the area is shown below:


T05NR02W
ALTO SUB-BASIN
T04NR02W
AREA 1
JUNIPER RIVIERA COUNTY WATER DISTRICT
AREA 2
ESTE SUB-BASIN
N
LAFCO STAFF'S PROPOSED MODIFICATION
TO SPHERE EXPANSION FOR
JUNIPER RIVIERA COUNTY WATER DISTRICT
LAFCO Staff's Proposed Modification to the District's Sphere Expansion
Sub-Basin Line (Alto/Este)
JRCWD's Sphere Expansion Proposal
JRCWD's Current Boundary and Sphere of Influence (coterminous)

Local Accountability and Governance

The JRCWD is governed by a five-member Board of Directors elected at-large to four-year staggered terms. The figure below lists the current Board of Directors, their titles, and terms of office:

Board Member	Title	Term
Gordonna C. Moore	Director	2007
Ricky Porter	Director	2007
Susan Mulvaney	Director	2009
Jeffrey Holmes	Director	2009
Lorrie Bassler	Director	2007

The information identified above was taken from documents available on the Registrar of Voters website. No information related to an extension of the term of office from 2007 has been provided. In addition the District maintains a routine hearing schedule meeting on the third Thursday of each month. The District has indicated that it keeps regular office hours, five days a week.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission approve a modified sphere of influence expansion for the Juniper Riviera County Water District to include only the territory within the Este sub-basin of the Mojave River Adjudication within the sphere of influence, this boundary is to follow parcel line configurations as closely as possible to the basin boundary

LAFCO staff also recommends that the Commission confirm the function and service provided by the Juniper Riviera County Water District as follows:

FUNCTIONS	***SERVICES***
Water	***Develop water system, system maintenance***

The District's boundary currently encompasses approximately 1,350+/- acres, and its boundaries and sphere are coterminous. The District has requested an expansion of its sphere by approximately 7,208.30 +/- acres. The District seeks to establish a sphere that would vastly increase the size of its current sphere and that future District actions could include the annexation of the proposed sphere area. The District's reason for the proposed sphere expansion would allow the District to address the needs of the area for future growth and a need for stable and reliable public service.

The proposed sphere expansion proposal includes two separate areas. The first area contains approximately 7,024.25 acres generally southwest of Highway 18, east and west of Milpas Road. The area is generally bordered by a combination of parcel lines, Bear Valley Road, and Highway 18 on the north; Pioneer Road on the east; a combination of parcel lines and Castle Rock Road on the south; and a combination of parcel lines, Bellview Avenue, and Japatul Road on the west.

The second area is approximately 184.05 +/- acres and is southerly of the District's current sphere. The area is generally the north half of Section 28, Township 4 North, Range 2 West, generally southeast of Milpas Drive and Santa Rosa Road, excluding territory of the Juniper Riviera County Water District.

As indicated on the map included as Attachment #3, the proposed sphere expansion would entirely surround an individual system of the Golden State Water Company. The County Environmental Health Services Division indicates it would support this sphere expansion proposal if it includes consolidation of the Golden State Water Company's system, VV#3.

However, as noted above, LAFCO staff has determined that the sphere expansion proposal would cross hydrologic sub-basins and is proposing to reduce the sphere expansion by approximately 4,160 acres in Area #1. No change is proposed for Area #2.

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, the District is authorized the function of water. Neither staffs of LAFCO nor the district proposes any changes to the districts authorized powers.

As of December 27, 2007, the District had 248 registered voters within its current boundaries. As of August 15, 2006, there were 160 registered voters within the sphere expansion areas, thereby making the proposal legally inhabited.

FACTORS OF CONSIDERATION:

The District was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

Present and Planned Uses

Present uses within the District include vacant lands, equestrian uses, and residential lots with the majority of the parcels being 2 ½ acres in size. The County General Plan assigns the area land use designations of RL (Rural Living) one unit to 2.5 acres; RC (Resource Conservation) one unit to 40 acres.

The sphere expansion area has a population of approximately 400 and 125 dwelling units. Land uses include rural residential and agricultural. The majority of the land has a land use designation of Rural Living by the County of San Bernardino General Plan which allows one unit per 2.5 acres. Other designations include Residential and Commercial General. There are no agricultural contracts in the southern sphere expansion area.

The topography of the sphere expansion area is alluvial plain on the north and steep hills and canyons to the south, east, and west. Surrounding land uses include residential, agricultural, and vacant lands. Furthermore, as indicated on the attached map, current development in the proposed area is significant. Such developments include a large development project abutting the District's northern boundary anticipating 336 units. The proposed sphere expansion would not alter the land use of the area.

Present and Probable Need for Public Facilities and Services

The District currently meets the water operational demands of its customers within its boundaries. As mentioned, development in the Town's sphere is anticipated to continue, the District is within the Town's sphere. As the population increases and the uses of the land intensify, the area will require additional water production and supply to meet the increased demands. The District will need to address the issue of the purchase of additional water for distribution above its Free Production Allowance.

Present Capacity of Public Facilities and Adequacy of Public Services

The District currently provides more than adequate water distribution services within its boundaries. Current facilities and services delivered are adequate to meet operational demands. The District owns and operates two wells and three reservoirs. Staffing levels meet the needs of the area.

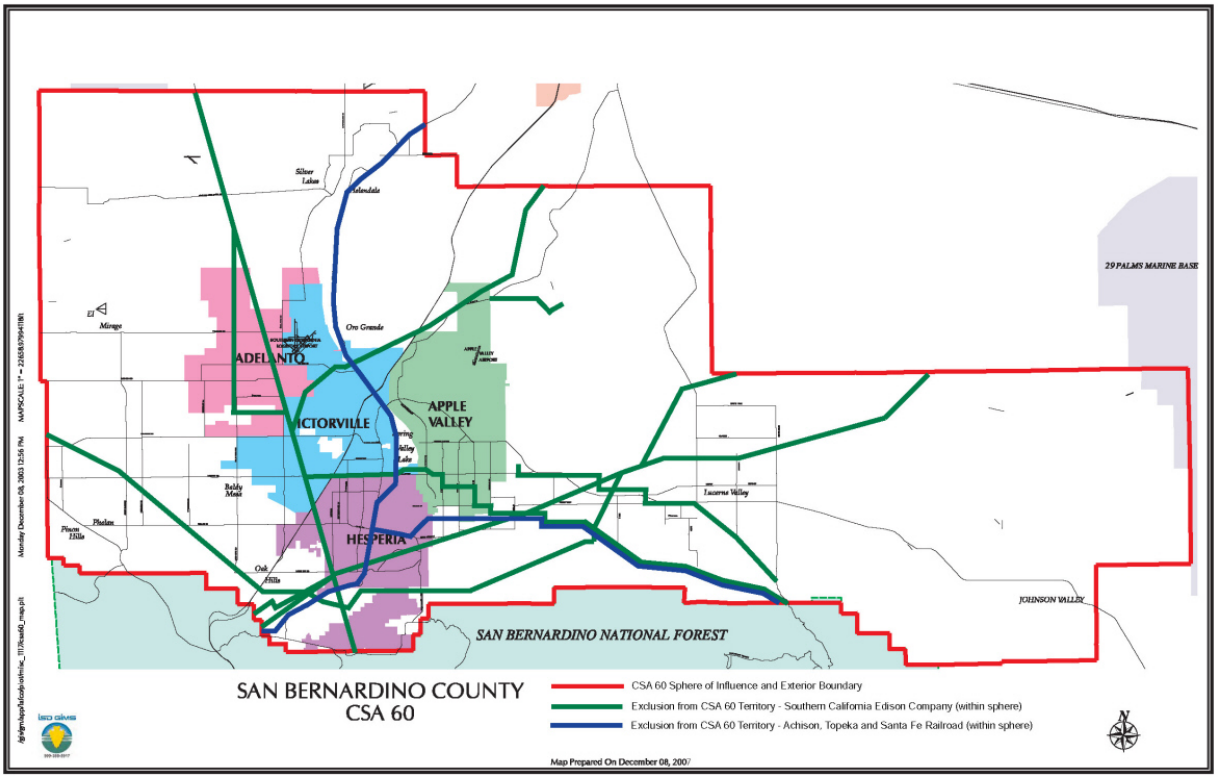
Social and Economic Communities of Interest

The entirety of the District is within the sphere of the Town of Apple Valley. Since the area is unincorporated and at the most eastern reach of the sphere of influence, it is likely that some residents in the area do not believe they share social or economic ties with the Town of Apple Valley and may associate more with the Lucerne Valley community.

COUNTY SERVICE AREA 60
(Apple Valley Airport)
Municipal Service Review and Sphere of Influence Update

INTRODUCTION:

LAFCO 2997 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence (sphere) update pursuant to Government Code 56425 for County Service Area 60 (CSA 60). The regional location of this agency is shown on the map below:



CSA 60 is a dependent special district governed by the County of San Bernardino Board of Supervisors. CSA 60 was formed in December 1966 by an act of the County of San Bernardino Board of Supervisors pursuant to Government Code Section 25210 to provide airport services (airport – provide, maintain public airports and landing places for aerial traffic and related activities) to the Victor Valley area. According to CSA 60's formation documents, the boundaries mirrored the boundaries of the Victorville Judicial District, extending from the County line to the community of Johnson Valley and Landers. Prior to the Board's approval, LAFCO reviewed the proposal and approved its formation. Following Board and LAFCO approval, the electorate voted in favor of the district's formation, after receipt of a protest petition.

The primary purpose of CSA 60 at its inception was to provide a governmental vehicle to allow for bond financing to build a new public airport for the community capable of providing for commuter air service. This was in response to the loss of the only commuter air service in the community. The District was formed and its tax rate set annually to pay the bond amounts for acquisition and construction of the airport facility. The Apple Valley Airport was opened for business in 1970. The property tax rate was fixed for CSA 60 as required by Prop. 13 in 1979. The bonds for construction were retired in 1997/98 and the ad valorem property taxes are now accruing to the District for its ongoing operations, approximately $2,000,000 in Fiscal Year 2008-09.

BOUNDARIES:

Currently, CSA 60's sphere of influence is defined by the exterior boundaries of CSA 60 and includes the exclusion area of the Southern California Edison and Santa Fe Railroad properties crisscrossing the agency. The District's boundaries encompasses approximately 1,730 +/- square miles and had an estimated 2005 population over 200,000 [14]. The service review and sphere study is generally bordered by the Los Angeles County line on the west, section and/or half-section lines on the north adjacent to the City of Barstow, section lines on the east, and generally the National Forest boundary on the south. The District includes lands within the boundaries and spheres of influence which include the Town of Apple Valley and the Cities of Victorville, Hesperia, and Adelanto. The study area also includes all or portions of the communities known as Silver Lakes, Helendale, Oro Grande, Lucerne Valley, Johnson Valley, Oak Hills, Baldy Mesa, Pinon Hills, and El Mirage. Within the boundaries of CSA 60 are numerous exclusions of Southern California Edison Company and Atchison, Topeka, and Santa Fe Railroad Company facilities and/or lands. A copy of the map is included in Attachment #12 to this report.

As discussed later in this report, staff is recommending a reduction of CSA 60's sphere to be reflective of the urban core of the Victor Valley (generally including the boundaries and sphere of influence of the Town of Apple Valley and the Cities of Adelanto, Hesperia and Victorville). Maps of CSA 60 and its sphere and the proposed sphere reduction are included as a portion of Attachment #12.

MUNICIPAL SERVICE REVIEW SUMMARY

LAFCO requested the submission of specific information from the County's Department of Airports, administrator of County Service Area 60, in order to prepare a service review as required by Government Code 56430. The Department of Airports' response to LAFCO's original and update requests (briefly summarized below and included in Attachment #12) includes, but is not limited to, CSA 60's audits, budgets, and Airport Layout Plan Update (Plan) from June 2006.

[14] San Bernardino Association of Governments; cited in San Bernardino County Department of Airports, *Apple Valley Airport Layout Plan* (2006).

Growth and population projections for the affected area.

CSA 60's population in 2005 was estimated to be 200,000. The Victor Valley has experienced significant growth within the past ten years and additional growth is anticipated in the coming years. Since 2000, the incorporated cities of the Victor Valley (Adelanto, Apple Valley, Hesperia, and Victorville) increased in population by 44%. [15] The City of Victorville has been identified as the fastest-growing City in the nation with a population over 100,000. Historic growth for the spheres of influence of these cities is not available. The District's territory includes the full range of potential growth, from areas with little to no growth to areas anticipated to experience significant growth in the future. The Victor Valley is anticipated to experience 94% growth between 2006 and 2030. [16] Growth strategies are developed as a part of periodic master plan and airport updates.

Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

CSA 60 provides for the financing of the operation and maintenance of the Apple Valley Airport, a general aviation airport. The airport itself is located within the Town of Apple Valley on 809 acres and contains two runways, taxiways, ramps, hangars, and support facilities. Operations (take-offs and landings) are estimated at 39,000 per year. CSA 60 estimates that 25,000 of the operations are generated by aircraft based at the airport.

The planned use of the airport is anticipated to be over 50,000 annual operations with approximately 30,000 from local aircraft according to the airport's twenty-year projection. It indicates that runways and taxiway facilities are adequate and meet current demand, but additional facilities and service of aircraft will be needed as demand increases. CSA 60 further states that a review of its Plan determined that the airport meets customer needs.

CSA 60 plans to increase facilities to accommodate turbo-propeller and jet aircraft. Improvements and additions include additional hangar space and construction of aircraft parking ramps. Additional facilities include real property or easement rights to protect against encroachment. According the FY 2007-08 CIP budget, carryover projects total $1,625,458 and new projects total $2,150,000. The district states that acquisition of real property and construction of storage facilities will be funded through property tax and operating revenues with some facilities being funded by private investment.

[15] Department of Finance, 2007 City and County Population Estimates, (2007).
[16] San Bernardino Associated Governments, Victor Valley Area Transportation Study, Fact Sheet, (July 2006).

Financial ability of agencies to provide services.

The County Department of Airports submitted budget and audit information for CSA 60 as part of the service review. The most recent audit is for FY 2006-07. Its main source of funding is property taxes, with charges for services, other taxes, interest, and federal and state aid adding to the total. As identified in the charts below, the vast majority of its revenues are from property taxes. The chart below shows the categories and amount of revenues for CSA 60's enterprise fund for FY 2004-05, 2005-06, and 2006-07. Further, the yearly revenue far exceeds expenditures. For the three years identified below, the combined revenues were $7,730,564 and the combined expenditures were $3,744,276.

FY 2004-05, 2005-06, and 2006-07 Revenues

Year	Charges for Services*	Interest	Property Taxes	Other Taxes	Federal and State Aid	Other Revenues	Total
FY 2004-05	$173,309	$124,521	$1,128,003	$246,722	$78,106	$10,573	**$1,587,925**
FY 2005-06	$189,773	$174,203	$1,338,385	$236,181	$1,028,647	$15,456	**$2,792,872**
FY 2006-07	$442,694	$241,490	$1,953,979	$188,989	$525,944	-$3,329	**$3,349,767**

*Includes CHP Facility lease payment
source: FY 2004-05, 2005-06, and 2006-07 Audits

FY 2004-05, 2005-06, and 2006-07 Expenditures

Year	Salaries and Benefits	Professional Services	Services and Supplies	Utilities	Rents and Leases	Depreciation	Total
FY 2004-05	$471,614	$103,152	$118,845	$52,166	$16,476	$256,583	**$1,025,836**
FY 2005-06	$487,367	$115,879	$239,913	$75,476	$28,730	$312,372	**$1,259,737**
FY 2006-07	--	$666,801	$173,337	$98,522	$29,539	$490,504	**$1,458,703**

source: FY 2004-05, 2005-06, and 2006-07 Audits

At year's end, excess revenues over expenditures are placed into a Special Revenue Fund that acts as a construction contingency account. For auditing purposes, the special revenue fund is included with its operating funds. These Special Revenue funds for capital purposes are described below:

Law Enforcement Center at Apple Valley Airport

Construction costs for Law Enforcement Center at the Apple Valley Airport were contracted at roughly $3 million and were paid from Apple Valley Airport's (CSA 60's) dedicated fund for the project (REE). The California Highway Patrol shares the facility with the County Sheriff, and the CHP portion of the Center was constructed for $1.7 million. The County will retain ownership of the facility and will recoup the $3 million investment after 30 years of leasing the space to the CHP and the Sheriff's Department. The ownership of the facility in the name of the County, rather than CSA 60 which purchased and funded its original construction is of concern to the LAFCO staff.

The State's monthly rent was calculated using the estimated construction cost for that portion of the Center to be occupied by the CHP, together with the costs associated with the design, amortized at four (4) percent over thirty years, plus additional costs, for insurance. The lease is for roughly 15,000 square feet of hangar and office space for 30 years to terminate in 2035. The rent is $8,966 monthly or $107,592 annually. There is no annual increase to the State's payments. The total payments over the 30-year agreement will be $3,227,760 and are identified in the lease to be paid to the "Airports Department of the County of San Bernardino". It is LAFCO staff's understanding that these funds are deposited into the CSA 60 general account identified as "EBJ".

The County Sheriff's share of the facility lease is $5,970 per month or $71,640.00 annually. It is staff's understanding that these funds are transferred into the CSA 60 general account identified as "EBJ".

CSA 60/Apple Valley Airport Funds

Fund EBJ within the County's Treasury is the general operating fund of the district and Fund RAI is the reserve account which includes funds for capital improvements and contingencies. At the end of the fiscal year, the excess CSA 60 revenues over expenditures, after assuring adequate funding will be available into the subsequent fiscal year, are transferred into RAI. The remaining Special Revenue funds associated with CSA 60 are funded through RAI and any funds remaining after project completion, including federal and state reimbursement grants, are returned to RAI.

The chart below provides the balance of the funds related to CSA 60/Apple Valley Airport on August 8, 2008.

Fund	Fund Purpose	Balance as of 8/8/2008
EBJ	CSA 60 General	$1,274,823
RAI	Apple Valley Airport Capital Projects	$3,891,860
RCH	AV Airport Pavement Building and Roof	-
REE	AV Airport CHP Commercial Hangar	-
REH	AV Airport Port-A-Port Area Reconstruction	-
RHU	AV Airport Fence, Run Up Areas	$5,162
RJG	AV Airport Terminal Complex Improvement	$710

Below is a chart of the RAI (Capital Reserve) activity since FY 2004-05. As shown, the fund balance and activity fluctuates with capital projects. For example, in FY 2004-05 the fund had just over $4 million at year's end. The following year the fund decreased by roughly $3 million when the payments for the capital projects were due.

Year	Expenditures	Revenues	Change in Balance	Fund Balance
FY 2008-09*	($21,343)	$1,195,832	$1,174,489	$3,891,860
FY 2007-08	($483,104)	$1,103,892	$620,788	$2,717,371
FY 2006-07	($2,623,242)	$3,656,629	$1,033,387	$2,096,583
FY 2005-06	($2,374,632)	($576,344)	($2,950,976)	$1,063,196
FY 2004-05	($1,313,684)	$641,288	($672,396)	$4,014,172

* Fund balance and activity as of August 8, 2008

To further identify this transfer activity, the first chart below illustrates the transfers between CSA 60's funds for FY 2004-05 and FY 2005-06 taken from the Audits for those years. FY 2006-07 data was not available. Interfund transactions are used to close out a fund, reimburse an operating fund, and transfer cash between operating fund and capital project funds. At year's end, the sum of all interfund transfers balances to zero.

FY 2004-05		
FUND	PURPOSE	AMOUNT
RJF (believed to be runway improvements)	Transfer of funds from RAI	$38
REE	Transfer of funds from RAI	$985,707
REF (believed to be runway improvements)	Transfer of funds from RAI	$238,327
RAI	Transfer of funds to capital project funds	($1,224,072)
RJF	Opening of a new fund	$55,000
RJG	Opening of a new fund	$40,000
RAI	Transfer of funds to RJF & RJG	($95,000)
RJF	Transfer to operating fund	$57,858
EBJ	Transfer from operating fund	($57,858)
RHK	Transfer to operating fund	$31,753
EBJ	Transfer from operating fund	($31,753)
EBJ	Operating transfer in	$5,388
RAI	Operating transfer out	($5,388)
RAI	Operating transfer in	$535,715
EBJ	Operating transfer out	($535,715)
NET TRANSFERS		-

FY 2005-06		
FUND	**PURPOSE**	**AMOUNT**
RET	For capital projects	$753,000
REE	For capital projects	$700,000
RAI	To capital projects funds	($1,453,000)
RAI	From capital projects funds	$1,225,000
RET	To operating fund	($225,000)
REE	To operating fund	($1,000,000)
NET TRANSFER		-

The FY 2008-09 Budget identifies the FY 2007-08 CSA 60 tax receipts for the year as $1,950,000 and budgeted pass through revenues from the local redevelopment agency of $29,608. The operating budget has a contingency reserve of $501,069, available to fund unanticipated costs subject to Board of Supervisors approval. The Capital Improvement Program budget includes a transfer of $742,904 from the operating budget for airport capital improvement projects. A copy of the Final Budget for FY 2008-09 and the Capital Improvement Program budget are included as a part of Attachment #12.

Status of, and opportunities for, shared facilities.

Private development occurs (pursuant to County Policy 08-03-01) at the airport on land leased at market rates and privately developed facilities return to County ownership at the end of the land lease. CSA 60 also funded the construction of the law enforcement facilities on airport property to meet California Highway Patrol and County Sheriff aviation needs and lease proceeds are to return this investment to CSA 60 accounts over the 30-year lease term. Annual payments are $179,232 as noted above.

Accountability for community service needs, including governmental structure and operational efficiencies.

Accountability

The San Bernardino County Board of Supervisors governs CSA 60; it is within the political boundaries of the First Supervisorial District. The district does not have a commission or advisory council; however the County Airports Commission does review and make recommendations and observations concerning County airports and aviation-related issues to the Board of Supervisors and/or the Economic Development and Public Services Group. The Airport Commission does the following:

- Promote airports and aviation in general in San Bernardino County.
- Review and participate in County airport special events.
- Review and make recommendations for initial preparation of the annual airports budget.

Action taken on June 16, 2008, by the Board of Supervisors of the County of San Bernardino set the preliminary appropriation limit for CSA 60 as $2,573,182 for Fiscal Year 2008-09.

The Apple Valley Airport is currently under the sole ownership of the County, not CSA 60, and it is operated by the County Airports Department as one of six County owned airports. The airport general manager, a County employee, issues a periodic newsletter to tenants and airport users. The airport is included in the federal system of integrated

airports and must periodically review facilities and forecast demand and evaluate capacity in order to remain eligible for federal grant assistance.

Operational Efficiencies

CSA 60 is operated by the County's Department of Airports, which consolidates many of the administrative and technical functions necessary to manage the County's six airports. CSA 60 pays an allocated share for administrative and staffing cost and its budgets are prepared in conjunction with the County's annual budgeting process. For the Fiscal Year 2008-09 Budget, CSA 60 is to pay $609,824 for the salary and benefits costs for the operation of the airport, which represents about 24% of the salary and benefit costs for the entire County Airport Department.

The airport itself has six employees which include a general manager, secretary, and four maintenance staff. Technical and administrative support is provided by the County Director of Airports and his staff. In addition, staff members from other County airports are available for support when needed.

Government Structure Options

While the discussion of some government structure options may be theoretical, a service review should address all possible options. Those include:

1. CSA 60/Apple Valley Airport to become a self-governed airport district. Staff is not aware of any support for this option from any parties; however, there is precedent for this option since the Big Bear Airport District was formed from County Service Area 53.

2. Dissolution of CSA 60 and for Apple Valley Airport to become part of the County's Department of Airports and operated as an enterprise fund. These airports could benefit from shared revenue if consolidation were to occur. There has been no expressed support for this option by the County Department of Airports or County Administrative staff.

3. Reduce CSA 60's sphere to be reflective of the Victor Valley Area (including the territory of the sphere of influence and boundaries of Apple Valley, Adelanto, Hesperia and Victorville, or Apple Valley alone (coterminous with the Town of Apple Valley sphere). The basis to reduce CSA 60's sphere to either the Victor Valley area or the Community of Apple Valley is that the original formation of CSA 60 was based upon the need for a financing tool to issue bonds to fund the development of the airport facility. Those bonds were subject to a 30-year payoff and were fulfilled in 1999. Yet, CSA 60 continues to receive a share of the ad valorem property tax from the entirety of assessed lands within CSA 60's 1,730 square mile territory. Further, the property tax share has been constant since 1979 and placed against an ever increasing base valuation. LAFCO staff questions whether it is necessary for CSA 60 to continue in its original form since

airport operations are considered an enterprise fund for which service charges can be applied. Moreover, as previously identified in the Financial portion of CSA 60's service review, CSA 60's revenue far exceeds it expenditures. For FY 2004-05 through 2006-07, the combined revenues were $7,730,564 and the combined expenditures were $3,744,276. LAFCO staff discussed this option with Department of Airport staff and they do not agree that this is a viable option. Their response to this issue is included as a part of Attachment #12 in a correspondence dated December 22, 2005.

Previously, the Town of Apple Valley Council initiated, by resolution, a proposal to dissolve CSA 60. Due to inconsistencies with the property tax transfer process between the Town and the County, the Town terminated the proposal (LAFCO 2956). Furthermore, the Town indicated that the composition of the various legislatives bodies, including the County Board of Supervisors, the Apple Valley Town Council, and the City Councils of Hesperia and Adelanto had changed and their position on the proposal had shifted. Efforts to dissolve CSA 60 could recommence after first reaching appropriate agreements with all affected stakeholders. No additional action has taken place regarding dissolution since that time.

LAFCO staff is recommending that the Commission reduce the sphere of influence of CSA 60 to include only the urban core of the Victor Valley, the spheres of influence and boundaries of the Cities of Adelanto, Hesperia, and Victorville and the Town of Apple Valley. This option will allow the other unincorporated communities which are fighting for revenue sources to provide the most basic levels of park and recreation services, water facilities, streetlighting and road maintenance the opportunity to review a detachment from CSA 60 and the transfer of those revenues to support and nurture these growing unincorporated communities.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission reduce the County Service Area 60 sphere of influence to be coterminous with the urban core of the Victor Valley, defined as the combined spheres of influence of the Town of Apple Valley and the Cities of Adelanto, Hesperia and Victorville.

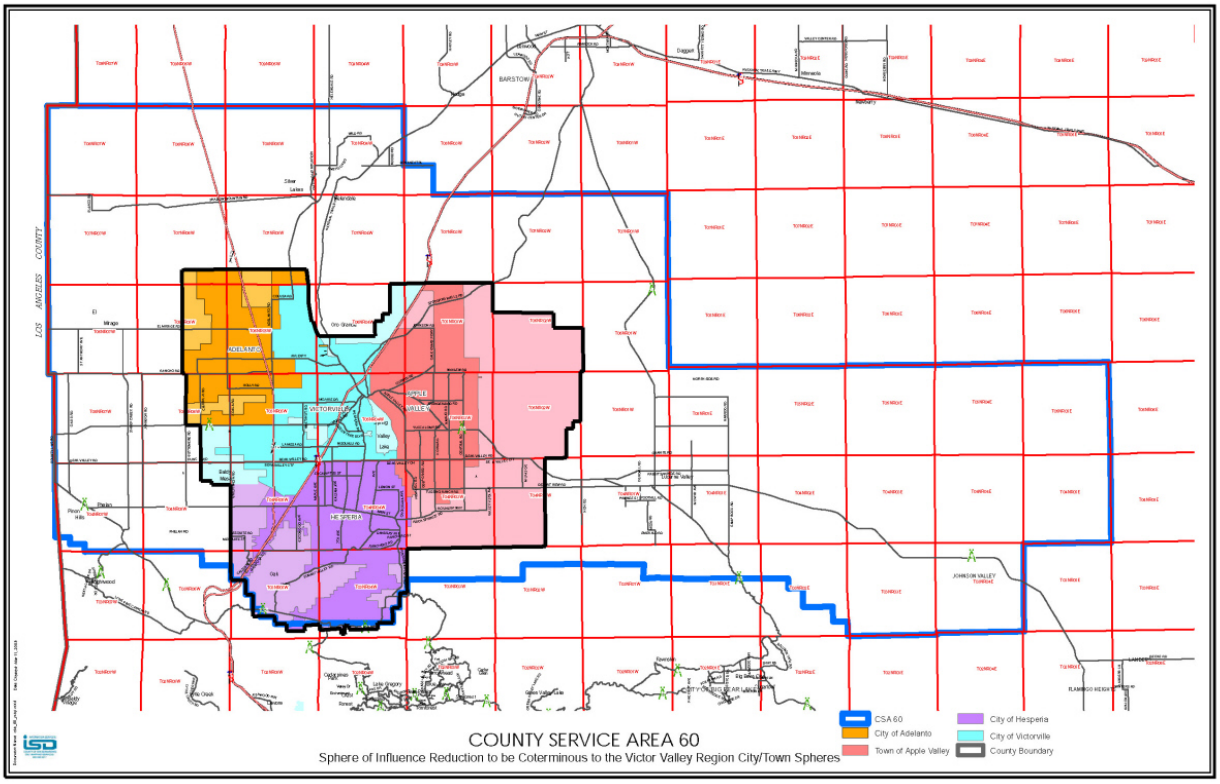
LAFCO staff also recommends that the Commission confirm the function and services provided by County Service Area 60 as follows:

FUNCTIONS	*SERVICES*
Airport	**Airport Operation and Maintenance**

The exterior boundary of CSA 60's sphere of influence is coterminous with its boundaries; however the District has numerous exclusions within the interior encompassing railroad and Southern California Edison parcels which are included

within its sphere. The District encompasses approximately 1,730 square miles. Department of Airports staff has indicated that no modifications to the existing sphere are currently anticipated. In processing this review, LAFCO staff discussed with Department of Airports staff that a reduction of the sphere to be coterminous with the Victor Valley urban core or the Town of Apple Valley's sphere would be appropriate. Department of Airports Department staff does not agree with LAFCO staff and has indicated its position in its response, included as a part of Attachment #12).

LAFCO staff is recommending reduction of CSA 60's sphere to be consistent with the urban core of the Victor Valley, the combined spheres of influence and boundaries of the Town of Apple Valley and the Cities of Adelanto, Hesperia, and Victorville (shown on the map below).



The basis of LAFCO staff's recommendation to reduce CSA 60's sphere to be reflective of the urban core of the Victor Valley is that the original formation of CSA 60 was based upon the need for a financing tool to bond development of the airport facility. Those bonds were subject to a 30-year payoff and were fulfilled in 1999. Yet, CSA 60 continues to receive a share of the ad valorem property tax from the entirety of assessed lands within CSA 60's 1,730 square mile territory. Further, the property tax share has been constant since 1979. LAFCO staff questions whether it is necessary for CSA 60 to continue, since airport operations are considered an enterprise fund for which service charges can be applied. Moreover, as previously identified in the Financial portion of CSA 60's service review, CSA 60's revenue far exceeds it expenditures. For FY 2004-05 through FY 2006-07, the combined revenues were

$7,730,564 and the combined expenditures were $3,744,276. LAFCO staff discussed this option with Department of Airport staff and they do not agree that this is a viable option.

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, CSA 60 is authorized to provide the function of airports. Neither LAFCO nor Special Districts Department staffs propose any changes to CSA 60's authorized powers.

FACTORS OF CONSIDERATION:

The Department of Airports was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

Present and Planned Uses

At present, the land uses within the boundaries of CSA 60 include the full range of land uses and County of San Bernardino general plan land use designations.

The proposed sphere reduction area comprises approximately 400 +/- square miles. The area encompasses the entirety of the spheres of influence of the Town of Apple Valley and the Cities of Adelanto, Hesperia and Victorville and includes the full range of the County's general plan land use designations. No change in land use for the area will occur through reduction of CSA 60's sphere.

Present and Probable Need for Public Facilities and Services

CSA 60 is authorized to provide airport services within its boundaries. Currently, the district meets the service needs of those within its boundaries who have occasion to use the airport facilities. CSA 60 plans to increase facilities to accommodate turbo-propeller and jet aircraft. Improvements and additions include additional hangar space and construction of aircraft parking ramps. While LAFCO staff acknowledges the probable need for the Apple Valley Airport, LAFCO staff questions the present and probable need for the existence of CSA 60 outside of the urban core of the Victor Valley.

The original formation of CSA 60 was based upon the need for a financing tool to bond development of the airport facility. Those bonds were subject to a 30-year payoff and were fulfilled in 1999. Yet, CSA 60 continues to receive a share of the ad valorem property tax from the entirety of assessed lands within CSA 60's 1,730 square mile territory. Further, the property tax share has been constant since 1979. LAFCO staff questions whether it is necessary for CSA 60 to continue since airport operations are

considered an enterprise fund for which service charges can be applied to recover the cost of operation.

Present Capacity of Public Facilities and Adequacy of Public Services

The airport currently meets current demands of its customers and indicates that runways and taxiway facilities are adequate and meet current demand. The Airport Master Plan identifies future expansion of these facilities.

Social and Economic Communities of Interest

Although CSA 60 encompasses much of the Victor Valley, the Apple Valley Airport is located within the boundaries of the Town of Apple Valley. Therefore, CSA 60 shares social and economic interests with community of Apple Valley as well as the urban core of the Victor Valley.

ADDITIONAL DETERMINATIONS

- The Commission's Environmental Consultant, Tom Dodson and Associates, has determined the changes outlined in this report for the various agencies are statutorially exempt from environmental review. Mr. Dodson's response for each of the reviews is included in their respective attachments to this report.

  Legal advertisement of the Commission's consideration has been provided through publication in *The Sun* and through a publication of a 1/8 page legal ad in *The Apple Valley News*, as required by law. In accordance with Commission Policy #27, an 1/8th page legal ad was provided in lieu of individual notice because the service reviews for the community of Apple Valley in aggregate would have exceeded 1,000 notices.

- As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.

- Comments from landowners/registered voters and any affected agency will need to be reviewed and considered by the Commission in making its determinations.

RECOMMENDATION:

Staff recommends that the Commission take the following actions:

1. For environmental review certify that each proposals' action is statutorily exempt from environmental review and direct the Clerk to file the Notices of Exemption within five (5) days.

2. Receive and file the municipal service reviews for the Apple Valley Fire Protection District, Apple Valley Heights County Water District, Apple Valley Foothill County Water District, Mariana Ranchos County Water District, Thunderbird County Water District County Service Area 17, Juniper Riviera County Water District, and County Service Area 60, and make the findings related to the service review required by Government Code 56430 as outlined in the staff report.

3. Define the area of the Community of Apple Valley as identified by staff in this report.

4. Take the actions to update the spheres of influence for the agencies included in this staff report defined as follows:

   a. Amend the Apple Valley Fire Protection District sphere of influence as identified;

b. Amend the Apple Valley Foothill County Water District sphere of influence to consolidate those of the Apple Valley Foothill, Apple Valley Heights, and Mariana Ranchos County Water Districts;

c. Assign zero spheres of influence to the Apple Valley Heights and Mariana Ranchos County Water Districts, noting their inclusion in the Apple Valley Foothill County Water District sphere of influence;

d. Affirm the sphere of influence of the Thunderbird County Water District;

e. Expand the sphere of influence of County Service Area 17 to include the unincorporated territory within the eastern and southern sphere of influence of the Town of Apple Valley; and,

f. Reduce the sphere of influence of County Service Area 60 to include the urban core of the Victor Valley, including the boundaries and sphere of influence of the Cities of Adelanto, Hesperia, and Victorville and Town of Apple Valley.

5. For LAFCO 3005, approve a modified sphere expansion request from the Juniper Riviera County Water District to include only the territory within the Este sub-basin of the Mojave River Adjudication.

6. Schedule the adoption of the appropriate resolutions reflecting the Commission's determinations for adoption on the consent calendar of the September Hearing.

KRM/mt/sm

ATTACHMENTS

1. Maps of Apple Valley Community
   a. Victor Valley Regional Maps
   b. Current Apple Valley Community Maps
   c. Proposed Apple Valley Community
   d. Current and Proposed Development Projects

2. LAFCO 2998 - Apple Valley Fire Protection District
   a. Maps of the District and its Sphere of Influence, Proposed Sphere of Influence Modifications, and Facilities
   b. Municipal Service Review and Sphere of Influence Update Information, Financial Information, and Excerpts from Fire Master Plan
   c. Response from Tom Dodson and Associates

3. Maps of Apple Valley Community Water Purveyors
   a. Regional Water Purveyors
   b. Regional Water Purveyors and Development Projects

c. Mojave Water Agency Adjudicated Boundary

4. Apple Valley Ranchos Water Company
   a. Map of Apple Valley Ranchos Water Company
   b. Municipal Service Review Information and Urban Water Management Plan Excerpts

5. Golden State Water Company
   a. Maps of Golden State Water Company
   b. Water Demand Reports and Excerpts from Water Quality Reports for Water Systems

6. LAFCO 3003 - Apple Valley Foothill County Water District
   a. Maps of District and its Sphere of Influence and Proposed Sphere of Influence Consolidation
   b. Municipal Service Review and Sphere of Influence Update Information and Financial Information
   c. Response from Tom Dodson and Associates

7. LAFCO 2999 - Apple Valley Heights County Water District
   a. Maps of District and its Sphere of Influence and Proposed Sphere of Influence Consolidation
   b. Municipal Service Review and Sphere of Influence Update Information and Financial Information
   c. Response from Tom Dodson and Associates

8. LAFCO 3009 - Mariana Ranchos County Water District
   a. Maps of District and its Sphere of Influence and Proposed Sphere of Influence Consolidation
   b. Municipal Service Review and Sphere of Influence Update Information, Financial Information, and Excerpts from 2005 Water Master Plan
   c. Response from Tom Dodson and Associates

9. LAFCO 3015 - Thunderbird County Water District
   a. Map of District and its Sphere of Influence
   b. Municipal Service Review and Sphere of Influence Update Information, Financial Information, and Water Supply Capability General Review
   c. Response from Tom Dodson and Associates

10. LAFCO 3014 - County Service Area 17
    a. Maps of CSA 17 and its Sphere of Influence and Proposed Sphere of Influence Expansion
    b. Board of Supervisors Agenda Item Dated February 12, 2008 Related to Study of Potential Reorganization of CSA 17
    c. Municipal Service Review and Sphere of Influence Update Information and Financial Information

d. CSA 17 Streetlight Data and Maps
e. Correspondence Dated December 7, 2005 from County Special Districts Department
f. Response from Tom Dodson and Associates

11. LAFCO 3005 - Juniper Riviera County Water District
    a. Maps of District and its Sphere of Influence, District Proposed Sphere of Influence Modification, LAFCO Staff Recommended Sphere Expansion
    b. Correspondence Dated August 5, 2008 from Mojave Water Agency Staff
    c. Municipal Service Review and Sphere of Influence Update Information, Sphere of Influence Expansion Application, Financial Information, and Excerpts from Water Resource Study
    d. Response from Tom Dodson and Associates

12. LAFCO 2997 - County Service Area 60
    a. Maps of CSA 60 and its Sphere of Influence and Proposed Sphere of Influence Reduction
    b. Municipal Service Review and Sphere of Influence Update Information and Financial Information
    c. Correspondence Dated December 22, 2005
    d. Apple Valley Airport Layout Plan 2006 Update
    e. Response from Tom Dodson and Associates