



If beneficial and/or at least without adverse impacts, should physical constraints such as property size, shape, topography, physical limitations (easements, drainage channels, biologic, historic or cultural limitations, etc.) be considered before proceeding with an annexation request?

If beneficial and/or at least without adverse impacts, and without physical limitations that inhibit the annexation, should annexation requests be processed through LAFCO by the Town or should the affected property owner(s) submit the request, associated paperwork and filing fees directly to LAFCO?

If the annexation request, paperwork and fees are to be submitted directly to LAFCO by the affected property owner(s), should such submission precede or follow the LAFCO-required Town Council Resolution stating that the Town is in favor of the annexation request?

If the annexation request, paperwork and fees are submitted directly to LAFCO by the affected property owner(s), and the LAFCO-required Town Council Resolution stating that the Town is in favor of the annexation request is sought by those property owners, should a fee be charged for staff to process that Resolution request to the Council?

If the annexation request and paperwork from the affected property owner(s) are submitted to the Town of Apple Valley for processing to LAFCO, should all Town application fees, notifications costs, public workshops/meetings costs, as well as any LAFCO required fees, be paid by these property owner(s) or by the Town of Apple Valley?

Under what circumstances, if any, will the Council consider committing, as part of an annexation request, to funding a greater share of the costs associated with providing the community services (police, fire, code enforcement, administrative services, planning, etc.) required within a potential annexation area than would otherwise be provided by the taxes and existing assessments within the area to be annexed?

Under what circumstances, if any, will the Council consider committing, as part of an annexation request, to funding a greater share of the costs associated with providing the community infrastructure (roads and utilities) required within a potential annexation area than would otherwise be provided by the property owner at the time a property is being developed?

Will other incentives (relief of annexation fees, taxes or the dissolution of assessment district, etc.), be generally anticipated or discouraged with an annexation request? (Any Council Policy addressing annexation can, of course, provide language that allows exempting rare, unique circumstances specific to individual properties that may warrant individual review and Council consideration from any policy statement addressing this concept.)

Should preferences for annexing properties with specific zonings be established; preferring commercial over industrial, residential and open space properties; industrial over residential and open space properties; and residential over open space? Alternatively, how should the Town treat larger requests involving multiple land use designations?

The above questions are general and meant only to seed discussion of the annexation policy question. A simple and very direct policy statement addressing what the staff considers the essence of the questions above is attached for Council consideration.

Attachments:

August 10, 2004 Council report on Annexations  
Draft Town Council Annexation Policy

**TOWN OF  
APPLE VALLEY, CALIFORNIA**

**AGENDA MATTER**

**Subject Item:**

**DISCUSSION ADDRESSING THE ANNEXATION OF THE TOWN'S SPHERE OF INFLUENCE.**

**Summary Statement:**

At its regularly scheduled meeting of July 13, 2004, the Town Council inquired as to whether Park Impact Fees (also known as Quimby fees) are collected for residential development occurring within the former Recreation and Parks District, but outside the current Town boundary. Staff's response was that the County does not presently collect Quimby fees for residential development within the former Recreation and Park District. Following that response, the Council directed that a report be prepared and agendized for a future meeting to discuss the possibility of annexing all land within the Town's Sphere of Influence; therefore, allowing the collection of appropriate fees for services provided or improvements (parks) built.

In a conversation with LAFCO Executive Director Ms. Kathleen Rollins-McDonalds on July 22, 2004, she stated that the Town presently encompasses roughly seventy-three point seventy-five (73.75) square miles within its corporate boundaries. In addition to the corporate boundaries, the Town's present Sphere of Influence roughly encompasses an additional 123.75 square miles (for an eventual Town size of 197.5 square miles). The former Recreation and Park District encompassed roughly 166 square miles, all of which were either within the Town of Apple Valley's corporate boundaries or the Town's Sphere of Influence, except for roughly eight (8) square miles north/northeast, adjacent to and outside the Town's Sphere of Influence.

Under the provisions of State law, Local Agency Formation Commissions establish and define a "Sphere of Influence" around an incorporated city/town. The boundaries of these Spheres are generally established based on three criteria: 1) as the area that is traditionally associated with the adjoining or surrounded city/town; 2) areas which have a social identity to and history with that adjoining or surrounded city/town; and 3) areas which, due to physical constraints or other limitations (such as county or state boundaries), are anticipated to receive services from that

(continued on next page)

**Recommended Action:**

Discuss the potential to initiate annexation proceedings for the Town's Sphere of Influence area, how services for that annexed area will be financed and provide direction to staff, as appropriate.

**Proposed by:**           Planning Division          

**Item Number** \_\_\_\_\_

**Town Manager Approval:** \_\_\_\_\_

**Budget Item**  Yes  No  N/A

adjoining or surrounded city/town. It is anticipated and expected that over time all cities/towns will seek approval from their Local Agency Formation Commissions to annex their Sphere of Influence areas, thus incorporating those areas into the city's/town's formal corporate boundaries.

With any annexation request, the Local Agency Formation Commission must determine that the annexation area shall receive services and improvements equal to or better than those being provided or anticipated before the annexation takes place. To make this determination, part of any annexation request is that the annexing entity must demonstrate the level of services and the physical improvements that it shall provide to the annexation area and how those services and improvements shall be funded. Upon annexation, the Town would assume responsibility to provide all municipal services to the area annexed. These services, including general administrative services, police protection, road maintenance, park and recreation services, building and planning services, etc., would, of course, be paid for by the property and sales taxes, user fees and application fees collected. Such information would be incorporated into a "Plan for Services" that would be submitted with the annexation request.

On a preliminary basis for Council discussion, a Plan for Services supporting an annexation request would address at least five (5) services and/or improvement issues. These services and/or improvements, which would need to be provided immediately upon annexation, may not be directly and immediately supported by new sales or property taxes or user fees, due to the lag time in collecting such fees. These include: Public Administration, Code Enforcement, Police services, roadway maintenance and planning services. Annexing the 123.75 square miles of Sphere area would more than double the size of the Town, going from roughly seventy-four (74) square miles to 197.5 square miles. On its surface, it would appear that this would require that Administrative services add additional staff to support the Council, Commissions/Committees, Town Manager, Deputy Town Manager and other administrative services. This may include two to three administrative staff members, costing perhaps \$150,000 to \$250,000.

In addition to administrative services, Code Enforcement will proportionately increase (i.e., double). Code Enforcement services for the Town are at a much higher level than presently provided by the County for the unincorporated areas. With annexation, it would be anticipated that Code Enforcement for the newly added Town areas would be increased to match that of the present Town. Comments from that Division are that the Code Enforcement Division may need to double its present number of officers and support staff, to accommodate this increase in the responsible area and, thus, this may cost roughly \$550,000 per year.

Comments from the Police Department are that the Sheriff's Office has received 2,263 "Calls for Service" within the area outside the Town, but within the boundaries of the former Recreation and Park District. This would equate to, at a bare minimum, three (3) new Officers needed by the Town (and for full, twenty-four {24} hour coverage, up to five {5} Officers), at a cost of between \$400,000 and \$600,000.

Planning services, although application driven and supported by the collection of application fees, is also significantly supported by the General Fund for most applications and all State mandated activities (such as creating and updating the General Plan). With adding responsibility for an additional 123.75 square miles of incorporated Town, and assuming that the pace of development in these areas continues at its current level for the foreseeable future, the

Planning Division would need to increase its staffing by at least three planners and one to two support staff. Assuming that fees would pay for roughly half of these staff members, the annexation may cost the Town an additional \$200,000 to \$225,000 for Planning staff per year from the General Fund.

Finally, and more difficult to estimate potential costs, would be roadway maintenance and improvement costs. The Council is very familiar with the efforts the Town has undertaken to maintain, repair, improve and install new streets within the community over the past fifteen (15) years. To date, the Town Council has provided funding to repair, resurface and improve nearly eighty percent (80%) of roadway miles within the corporate limits. Upon annexation, potentially two to three hundred miles of roadways, both improved, in various degrees of repair (or disrepair) and unimproved, would become the responsibility of the Town. This would then place the Town in a position, as it was several years ago, where a significant percentage of the Town's street system was in need of repair or replacement. Further, an associated issue to roadways would be the assumption of drainage improvements, or more to the point, potential drainage problems from multiple flood zones. Costs associated with this responsibility are not available at this time due to the lack of information regarding the level of improvements in place and the needs in the area.

In addition to the above, fee based services, such as Parks and Recreation services, Building & Safety, Animal Control, etc., would also experience a need for additional staff; however, such individuals would be funded by the fees collected at the time services are rendered. With such increases in staff, however, internal support services, such as the Finance Department and Human resources, as well as physical space to house and supply these individuals, would also need to be increased at an indeterminate cost to the General Fund.

With any successful action to annex the Sphere of Influence area, the Town would then be the beneficiary of a portion of the property tax collected and a portion of the sales tax collected. Using the information gathered in the Town's request to dissolve the Recreation and Park District in 2001, it was determined that of the property tax collected within the entire Recreation and Park District, ninety-five point six percent (95.6%) of that assessed property value (and, therefore, taxes collected) were attributable to the property already within the incorporated Town of Apple Valley. Based upon a total assessed value of \$2.285 Billion for the Town, this would generate an estimated \$100.5 Million as the property value for the land within the Sphere area. This estimated \$100.5 Million would generate a net property tax of roughly \$95,000 (less what may be retained by the County, which is typical in an annexation proceeding.) Thus, the Town property tax base and, therefore, tax revenue, would increase by roughly \$95,000 to pay for a portion of the services noted above.

Although the property value estimated above may appear low, the following is provided to place this estimate in proper perspective. The Town has requested that the Local Agency Formation Commission dissolve Community Service Area (CSA) No. 60 (the Apple Valley Airport District). CSA No. 60 is roughly 1,730 square miles in area and when land values are removed for those areas within incorporated cities, leaving only unincorporated "County" areas, the land value is estimated at roughly \$290 Million.

In addition to the property tax noted above, the Town would, upon successful annexation, collect the sales tax generated from the small and scattered businesses now located within the Sphere area. The Town would also receive additional funds from such sources as Gas Tax and Motor Vehicle and Off-Highway In-Lieu fees, based upon population. As noted in the 2001 Dissolution of the Recreation and Parks District Plan for Services, the 1999 population for the

Town of Apple Valley was 56,980 and the population for the entire Recreation and Parks District (inclusive of the Town of Apple Valley) was 66,233; leaving 9,253 individuals within the former Recreation and Park District outside of the Town's boundaries. Further, that Plan for Services identified that of the 29,376 voters in the former Recreation and Park District, 26,747 of those voters were within the incorporated limits of the Town of Apple Valley.

Thus, at a minimum, and in general terms, the annexation of the Town's entire Sphere of Influence would have the following fiscal impact:

**Initial Annual Costs:**

Administrative Services	\$150,000	to	\$250,000
Code Enforcement	\$550,000	to	\$550,000
Police	\$400,000	to	\$600,000
Planning	\$200,000	to	\$225,000
Total	\$1,300,000	to	\$1,625,000

Finance/Personnel/Maintenance and new facilities to houses these individuals Indeterminate

**Initial Annual Revenue:**

Property Tax	\$95,000
Sales and Use Tax	Minimal
Property Transfer Tax	Minimal
Franchise Tax	\$27,000
(Based on Property Value share of 4.4%)	
Transient Occupancy Tax	\$0
(No hotels or motels in the Sphere)	
Business License Fee	Minimal
Motor Vehicle In-Lieu Fee	\$445,000
(Base on Population ratio)	
Off-Highway In-Lieu Fee	\$150
(\$0.0161 per capita)	
Fines and Fees/Public Safety	\$62,900
(Grants – Assumes a Population ratio)	
Total	\$630,050

**Additional Revenues:**

In addition to the funds noted above, the following would also be available:

Gas Tax (Restricted fund) \$171,000

CDBG (Minimal increase based upon population and economic status of that population, as well as available federal funds.)

Quimby fees (Restricted funds for park land acquisition and park development, collected for each home permitted.)

However, before the Council would need to address the increases in staffing and services noted above, the Local Agency Formation Commission would need to approve of the annexation request. Submission of an annexation request must be accompanied by a "pre-zoning" of all property involved. This would necessitate the Town creating both General Plan and zoning documents for this pre-zoning. Such General Plan and pre-zoning documents would be subject to review under the California Environmental Quality Act (CEQA) and, due to the significant size of the annexation request, a full Environmental Impact Report (EIR) would be anticipated. The Environmental Impact Report would need to address issues of traffic, biological resources, noise, housing, air quality, safety, recreation, open space, etc. Such an EIR, involving a Congestion Management Plan (CMP) compliant Traffic Impact Analysis (TIA), biological assessments for potentially many threatened or endangered species, sound studies, air quality studies and a completely updated Housing Element for the entire Town (that must be approved by the State's Housing and Development Department {HCD}), could easily cost \$350,000 or more. These costs would be in addition to the fees associated with the Annexation application submitted to the Local Agency Formation Commission, which could be considerable (\$15,000 plus).

Additional issues arise when considering the annexation of the entire Sphere of Influence area. Currently a "Lighting District", County Service Area No. 17, five (5) small water districts and the Fire Protection District all fall within the Sphere area. Each of these districts must be addressed as to whether they would remain as independent districts or be absorbed by the Town, with the Town taking over their duties, obligations and responsibilities. It is also noted that the Fire District annexed the mine areas within the northeast portion of the Sphere of Influence, and it can be anticipated that these mining interests may not wish to be annexed and subject to the Town's more restrictive mining requirements (such as reclamation requirements).

It is noted that with the dissolution of the former Recreation and Park District in 2001, the Town assumed authority for the provision of recreational services and park development and maintenance for the area formerly controlled by the District. In dissolving the District, however, the Local Agency Formation Commission (LAFCO) stipulated that the Town was responsible to provide park development/maintenance and recreational programs to those areas within the former District. Under this stipulation, the Town appears to have a legal obligation to provide such physical improvements and services without a direct means to pay for such community amenities. The Town Council may wish to direct the Town Attorney to investigate whether LAFCO's action gave the Town legal authority to directly collect fees (Quimby and otherwise) for these community amenities, as the Town is obligated by the LAFCO action to provide these amenities.

It is also important to note that the County of San Bernardino is presently in the process of updating its General Plan, specifically to address the land uses allowed within the different cities/towns Sphere of Influence areas. This effort is expected to be completed in 2007 and the County has requested input from the various jurisdictions on what it considers to be the appropriate land uses and land use intensities for the areas within the city's/town's Sphere areas. Staff is preparing to present this information to the Council to receive its direction on the appropriate land uses and intensities.

This County effort, however, is significant in the Council's discussion regarding annexing the Sphere of Influence area. Through this update process, the County must provide CEQA compliant environmental information on the allowed land uses and the intensity of those uses, through the adoption of their Environmental Impact Report. This report would need to address the issues of traffic, biological resources, noise, housing, air quality, safety, recreation, open space, etc., that would otherwise need to be addressed by the Town in any annexation request. In essence, with Town input, the County's efforts would set the stage to "pre-zone" the Sphere area, thus reducing the environmental requirements the Town would face to zone these lands.

## **Town of Apple Valley Town Council Annexation Policy**

**Whereas**, the Town of Apple Valley Sphere of Influence encompasses roughly 124 square miles that have traditionally been associated fiscally, socially and politically with the Town of Apple Valley; and

**Whereas**, the Town Council of the Town of Apple Valley promotes the preservation of the Town's identity and character through a commitment of protecting the community's physical growth and expansion; and

**Whereas**, it can be anticipated and expected that the areas within the Town's Sphere of Influence associated with the history of the Town shall be enjoined with the Town within the foreseeable future; and

**Whereas**, the expansion of the Town of Apple Valley to include the areas now within the Town's Sphere of Influence must incorporate the logical extension of public services and physical infrastructure in an efficient and cost effective manner; and

**Whereas**, it is essential that the Town adopt procedures and policies to protect the health, safety and general welfare of its citizens and to preserve the lifestyle enjoyed by those citizens relate to the consideration of any annexation request; and

**Whereas**, it is the duty and responsibility of the Town Council of the Town of Apple Valley, as delineated within the Apple Valley Municipal Code, to protect the health, safety and general welfare of the citizens of Apple Valley by providing for quality development, preservation of the natural environment and community aesthetics, while encouraging the expansion of the community into those areas traditionally associated with the Town; and

**Whereas**, it shall serve the citizens of the Town of Apple Valley to facilitate and encourage annexation requests where such annexation shall improve and enhance the health, safety and general welfare of the citizens of Apple Valley and those within the annexation area.

**NOW, THEREFORE, BE IT RESOLVED** that, in consideration of the evidence presented to the Town Council at a meeting open to the public, and for the reasons discussed by the Council at said meeting, the Town Council of the Town of Apple Valley, California, finds and determines as follows:

**Section 1.** Pursuant to the Town Council's commitment to protecting and preserving the community's health, safety and general welfare, any annexation request shall not be submitted to the Local Agency Formation Commission (LAFCO) from the Town of Apple Valley if the land that would be annexed is not contiguous to, or made to be contiguous to, the Town's present incorporated boundaries.

**Section 2.** To achieve the intent of the Municipal Code, and to fulfill the responsibilities of the Town Council, no annexation request shall be forwarded from the Town of Apple Valley until all affected property owners have executed a formal agreement with the Town that upon annexation any development of their land shall conform to the standards, criteria and

requirements as detailed within the Town's Municipal Code, General Plan and Development Code.

**Section 3.** In conformance to the principle stated above, all annexation requests shall be considered based upon their individual merit. Annexation preference shall be granted to those annexation requests that shall result in development that will directly benefit the Town of Apple Valley by causing the installation of, or triggering the extension of, needed public infrastructure such as roadway and public utilities.

**Section 4.** Pursuant to the goals of the Town Council and the requirements of the Municipal Code to preserve the desert environment, community pride and the community's historic lifestyle, while affording individual property owners a fair and equitable opportunity to become part of the Town of Apple Valley, annexation requests that shall enhance and further the health, safety and general welfare of the citizens of the Town of Apple Valley shall be encouraged.

**Section 5.** Further, and pursuant to the goal of the Town Council to be fiscally responsible and the requirements of the Municipal Code, all annexation requests should be accompanied by the appropriate application processing fee as provided in the Town's adopted Fee Schedule.

ADOPTED by the Town Council of the Town of Apple Valley and signed by the Mayor this 12<sup>th</sup> day of July, 2005.

---

Scott Nassif  
Mayor

Attest:

---

LaVonda Pearson  
Town Clerk, Town of Apple Valley