

**LAFCO Staff Report for
LAFCO 3067 - Reorganization to Include
City of San Bernardino
Annexation No. 361 (Six Islands)
Dated February 12, 2007**

Attachment 5

**LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO**

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DATE: FEBRUARY 12, 2007

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #4 – LAFCO 3067 – REORGANIZATION TO
INCLUDE CITY OF SAN BERNARDINO ANNEXATION NO. 361
(SIX ISLANDS)

RECOMMENDATION:

If the Commission determines to expand Islands #1, #4 and #5, direct staff to take the followings actions:

1. Conduct outreach meetings with the residents and landowners within the expanded areas to review the issues of service delivery, costs, etc. as required by Commission policy;
2. Direct staff to place consideration of the modified proposal on the Commission's agenda for consideration on April 18, 2007, identifying each area as an individual island for further consideration; and,
3. Direct staff to provide for new legal advertising and environmental assessment of the modified proposals.

If the Commission determines to move forward with the islands as originally submitted, staff recommends that the Commission take the actions outlined in the staff report presented for the November 15, 2006 hearing included as Attachment #4 to this report.

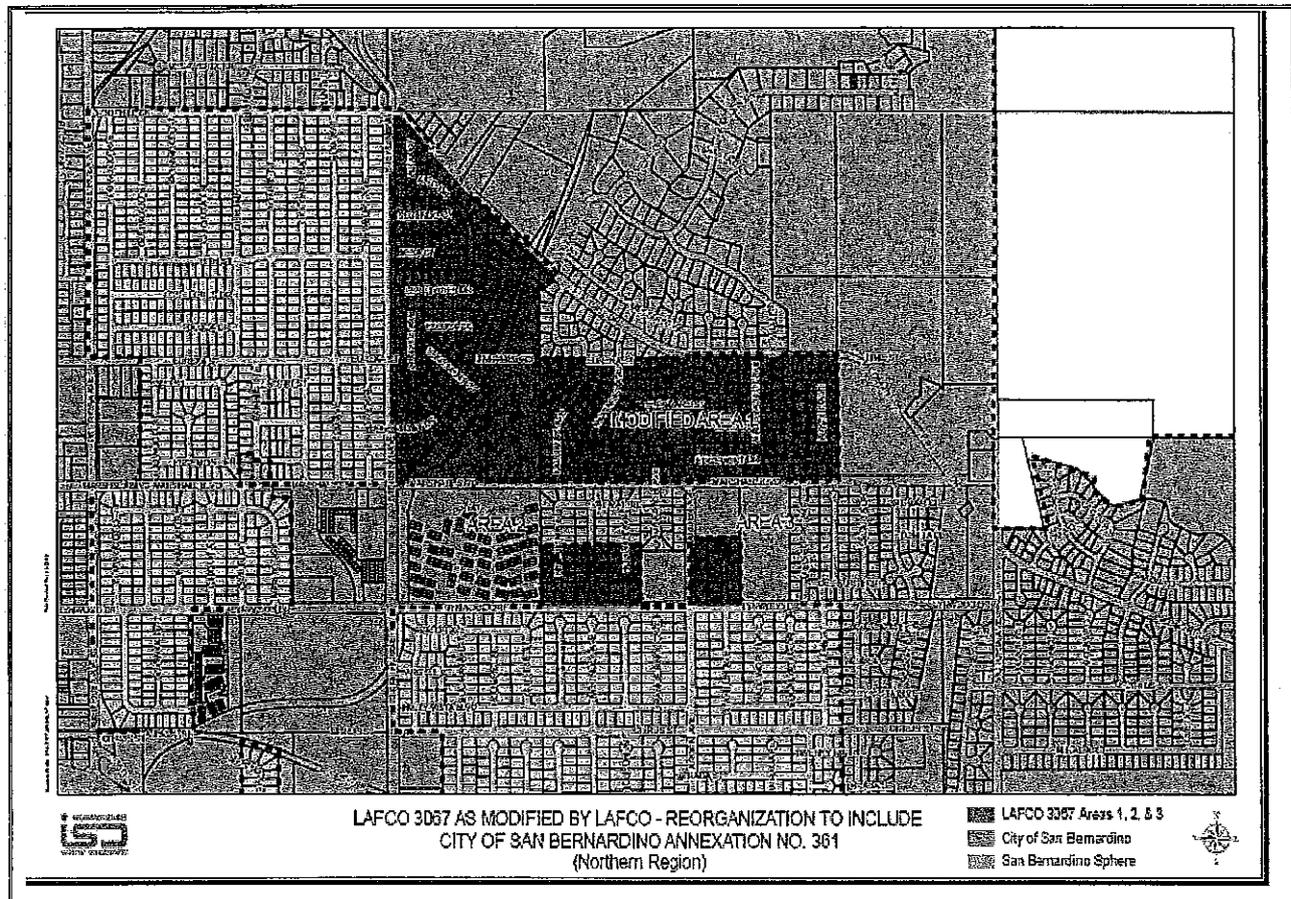
BACKGROUND:

At the November 15, 2006, hearing the Commission directed staff to review expansion of three of the six islands included in LAFCO 3067 initiated by the City of San Bernardino. Staff was directed to determine the acreage, revenues attributable and the

costs for service provision in each of the expanded areas. Below is the information gathered by staff for presentation:

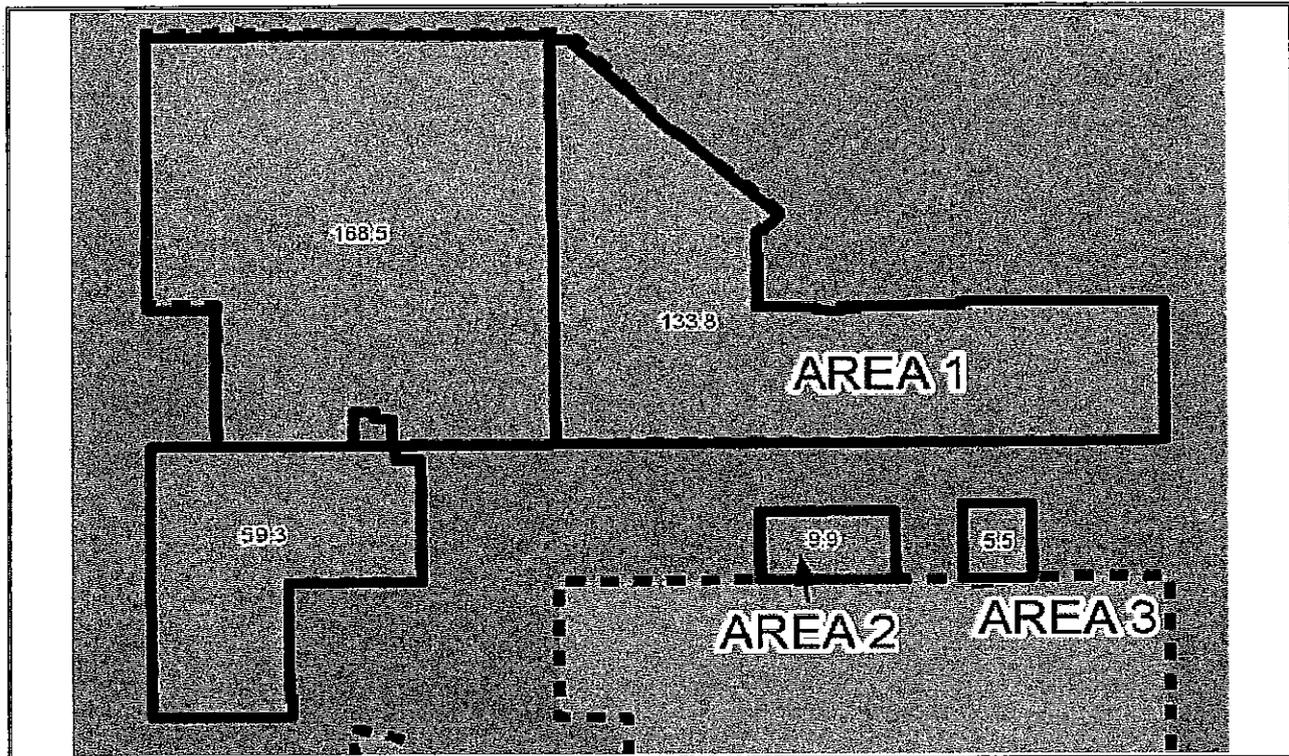
Island #1

As originally expanded by staff, the proposed island included approximately 84 acres and its western boundary was placed at the San Bernardino Flood Control Channel. At the November hearing, the Commission directed staff to evaluate the expansion of the area to the centerline of Sterling Avenue. The map below shows the area evaluated:



This modified area encompasses 133.8 acres, below the 150 acre threshold outlined in Government Code Section 56375.3. The area remains substantially surrounded at approximately 80%. In addition, the Commission requested a determination regarding the size of the remainder area, taking into account the City's follow-up island annexation. The map below identifies that the remainder area, generally west of Sterling Avenue, north of Marshall Blvd., east of parcel lines, and south of Foothill Drive, as being 168.5 acres, not within the allowable parameters of Government Code

Section 56375.3. However, a future modification of the follow-up proposal shown on the map below as "59.3" to be submitted by the City could address this concern.



The Commission requested that staff provide a fiscal analysis for the modified area. In complying with this information request, staff prepared an analysis of the standard revenues to be received by the City from within the proposed modified boundary. Below is an outline of the ad valorem property tax transfer from the affected Tax Rate Area (TRA):

Agencies Within the TRA	Percentage Share of Property Tax	Original Area Property Tax	Expansion Area Property Tax	Total of Modified Area
County General Fund	14.4485110	\$45,073	\$31,768	\$76,840
Flood Control Zone 2	2.5649220	\$8,001	\$5,639	\$13,641
Flood Control Admin	0.1803590	\$563	\$397	\$959
County Free Library	1.3991000	\$4,365	\$3,076	\$7,441
CSA 38	11.7434400	\$36,634	\$25,820	\$62,454
CSA 70	2.5932260	\$8,090	\$5,702	\$13,791
CSA SL-1	1.5029470	\$4,689	\$3,304	\$7,993
East Valley Resource	0.0442510	\$138	\$97	\$235
San Bdno Valley Water Cons	0.0390350	\$122	\$86	\$208
San Bdno Valley Muni	2.613060	\$8,152	\$5,745	\$13,897
Modified Transfer to City would be		\$53,777	\$37,902	\$91,679

The amounts to be transferred to the City through the annexation process are bolded and include only the detaching County Service Areas as outlined in the adopted resolutions by the City and County. Pursuant to the existing County-City policy for island annexations, the transfers shall equal the full share of the City's historic rate; and if the detaching agencies exceed that amount, the full revenues from the detaching agencies shall be transferred to the annexing City. The amount transferred to the City of San Bernardino from this island exceeds the City's existing 16.9% share of the ad valorem property tax, representing 17.2%.

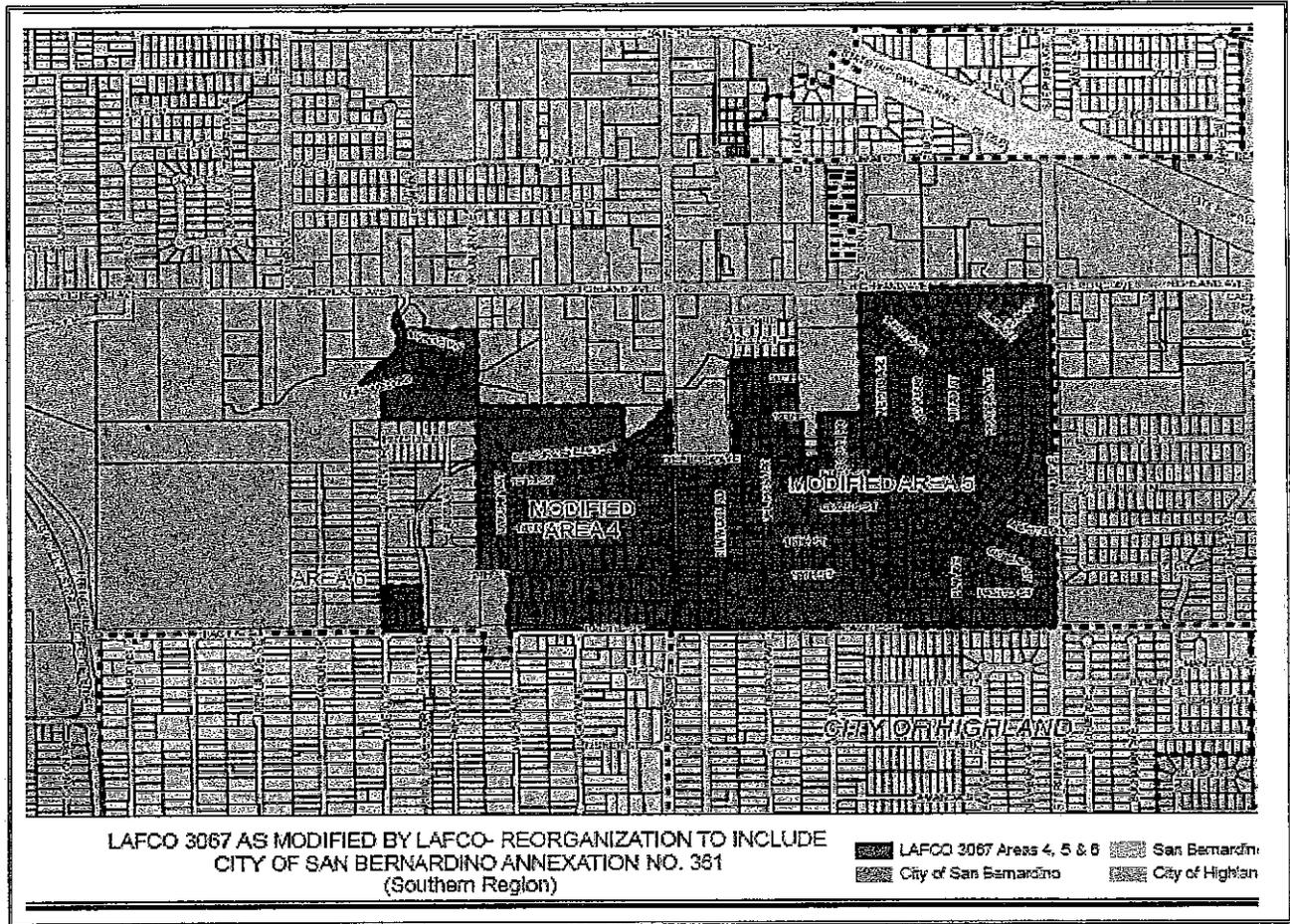
Subvention Revenues:

Cities receive different types of subvention revenues from the State based upon per capita amounts. The chart below identifies those revenues known to LAFCO staff to be applicable to this area, and includes the calculation of the AB 1602 subvention supplementing revenues lost during the Prop 1A recalculation of Motor-Vehicle-In-Lieu revenues (\$50 per capita). LAFCO staff shared these calculations with City staff during the month of January. In preparing the staff report, an oversight in the development of these revenues was determined by staff -- that the VLF revenues attributable to the area had been overlooked. Staff has adjusted the distributions outlined below to include the VLF calculation.

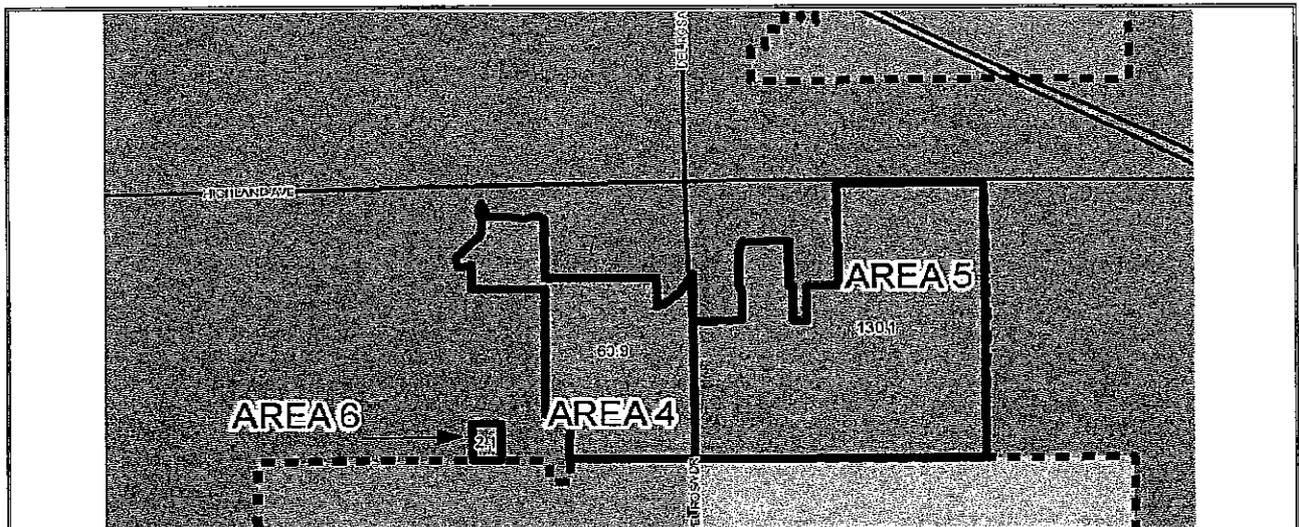
AB 1602 Payments (\$50 per capita)	VLF Revenues from Prop 1A	Code 2105 (\$6.12 per capita)	Code 2106 (\$3.72 per capita)	Code 2107 (\$7.91 per capita)	CSA 38L Assessment Transferred	TOTAL SUBVENTION REVENUE
Area 1 -- POPULATION 992 within entire island (2000 CENSUS)						
\$49,600	\$9,168	\$6,071	\$3,690	\$7,847	\$9,424	\$85,800

Island #4

Island #4 was originally expanded by staff to include approximately 21 acres and its southern boundary was placed at the San Bernardino Flood Control Channel to provide for an easily identifiable boundary. At the November hearing, the Commission directed staff to evaluate the expansion of the area to the centerline of Del Rosa Avenue and northerly of the centerline of Pacific Street. The map below shows the area evaluated:



This expanded area encompasses 60.9 acres, below the 150 acre threshold outlined in Government Code Section 56375.3, as identified on the map shown below. The area remains substantially surrounded by the Commission's policy declarations.



The Commission requested that staff provide a fiscal analysis for this area. In complying with this information request, staff prepared an analysis of the standard revenues to be received from the modified area. Below is an outline of the ad valorem property tax transfer from the affected Tax Rate Area (TRA):

Agencies Within the TRA	Percentage Share of Property Tax	Original Area Property Tax	Expansion Area Property Tax	Total of Modified Area
County General Fund	14.4094300	\$3,049	\$23,750	\$26,799
Flood Control Zone 2	2.5579970	\$541	\$4,216	\$4,757
Flood Control Admin	0.1798730	\$38	\$296	\$335
County Free Library	1.3953220	\$295	\$2,300	\$2,595
CSA 38	11.7117500	\$2,478	\$19,304	\$21,782
CSA 70	2.5862250	\$547	\$4,263	\$4,810
CSA SL-1	1.4988910	\$317	\$2,471	\$2,788
East Valley Resource	0.1876390	\$40	\$309	\$349
San Bdn Valley Water Cons	0.1655190	\$35	\$273	\$308
San Bdn Valley Muni	2.6060570	\$551	\$4,295	\$4,847
Modified transfer to City would be		\$3,638	\$28,337	\$31,975

The amounts to be transferred to the City through the annexation process are bolded and include only the detaching County Service Areas as outlined in the adopted resolutions by the City and County. Pursuant to the existing County-City policy for island annexations, the transfers shall equal the full share of the City's historic rate; and if the detaching agencies exceed that amount, the full revenues from the detaching agencies shall be transferred to the annexing City. The amount transferred to the City of San Bernardino from this island exceeds the City's existing 16.9% share of the ad valorem property tax, representing 17.2%.

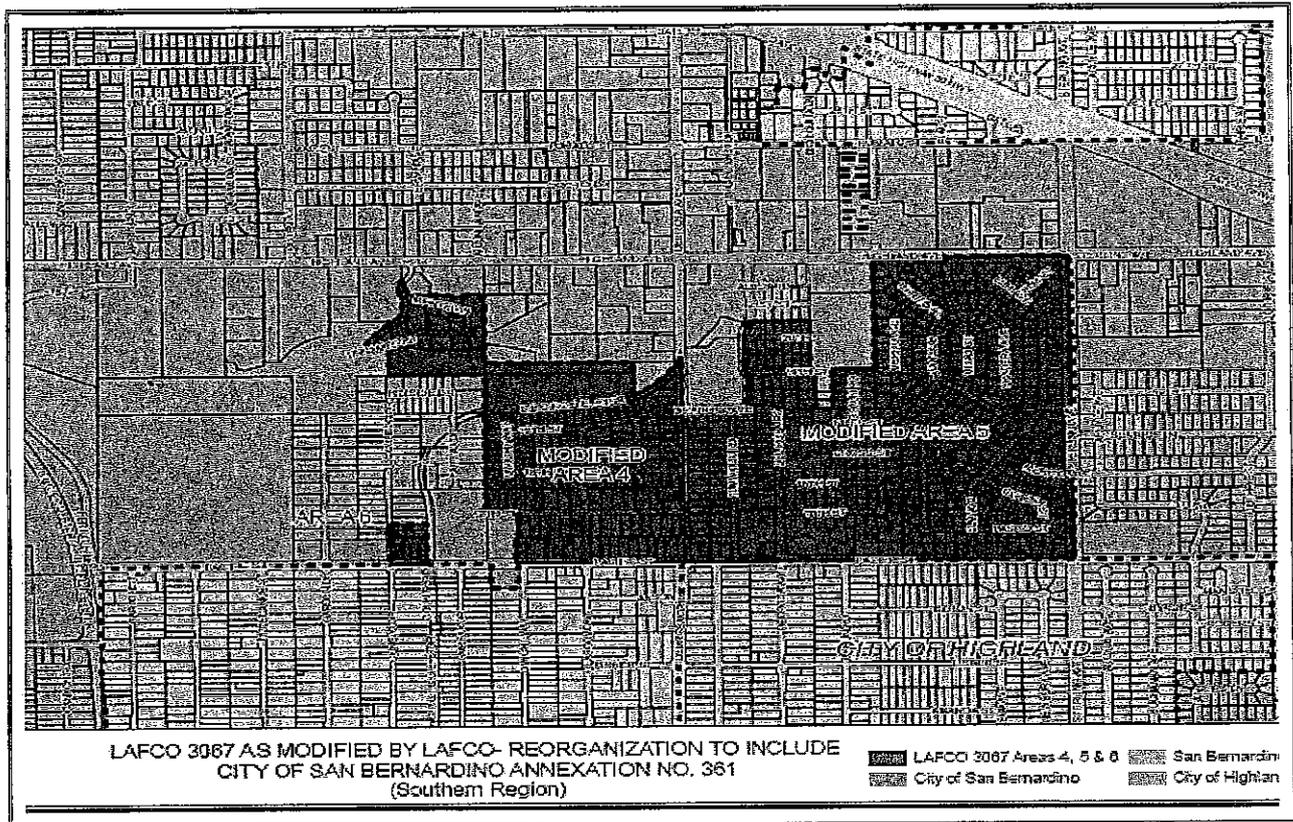
Subvention Revenues:

AB 1602 Payments (\$50 per capita)	VLF Revenues from Prop 1A	Code 2105 (\$6.12 per capita)	Code 2106 (\$3.72 per capita)	Code 2107 (\$7.91 per capita)	CSA 38L Assessment Transferred	TOTAL SUBVENTION REVENUE
Area 4 -- POPULATION 405 within entire island (2000 CENSUS)						
\$20,250	\$3,197	\$2,479	\$1,503	\$3,204	\$3,848	\$34,481

The description for the Subvention revenues is the same as provided for Island #1 outlined above.

Island #5

At the November hearing, the Commission directed staff to evaluate the expansion of the area to the centerline of Del Rosa Avenue, northerly of Pacific Street, easterly to the existing City of San Bernardino boundary. The map below shows the area evaluated:



The expanded area encompasses 130.1 acres, below the 150 acre threshold outlined in Government Code Section 56375.3, as shown on the map provided with Island #4 on page 5. The area remains substantially surrounded at approximately 85%.

The Commission requested that staff provide a fiscal impact analysis for this area. In complying with this information request, staff prepared an analysis of the standard revenues to be received from the modified area. Below is an outline of the ad valorem property tax transfer from the affected Tax Rate Area (TRA):

Agencies Within the TRA	Percentage Share of Property Tax	Original Area Property Tax	Expansion Area Property Tax	Total of Modified Area
County General Fund	14.4094300	\$5,513	\$77,637	\$83,150
Flood Control Zone 2	2.5579970	\$979	\$13,782	\$14,761
Flood Control Admin	0.1798730	\$69	\$969	\$1,038

County Free Library	1.3953220	\$534	\$7,518	\$8,052
CSA 38	11.7117500	\$4,481	\$63,102	\$67,583
CSA 70	2.5862250	\$989	\$13,934	\$14,924
CSA SL-1	1.4988910	\$573	\$8,076	\$8,649
East Valley Resource	0.1876390	\$72	\$1,011	\$1,083
San Bdno Valley Water Cons	0.1655190	\$63	\$892	\$955
San Bdno Valley Muni	2.6060570	\$997	\$14,041	\$15,038
Modified Transfer to City		\$6,577	\$92,631	\$99,208

The amounts to be transferred to the City through the annexation process are bolded and include only the detaching County Service Areas as outlined in the adopted resolutions by the City and County. Pursuant to the existing County-City policy for island annexations, the transfers shall equal the full share of the City's historic rate; and if the detaching agencies exceed that amount, the full revenues from the detaching agencies shall be transferred to the annexing City. The amount transferred to the City of San Bernardino from this island exceeds the City's existing 16.9% share of the ad valorem property tax, representing 17.2%.

Subvention Revenues:

AB 1602 Payments (\$50 per capita)	VLF Revenues from Prop 1A	Code 2105 (\$6.12 per capita)	Code 2106 (\$3.72 per capita)	Code 2107 (\$7.91 per capita)	CSA 38L Assessment Transferred	TOTAL SUBVENTION REVENUE
Area 5 -- POPULATION 1,731 within entire island (2000 CENSUS)						
\$86,550	\$9,921	\$10,594	\$6,439	\$13,692	\$16,445	\$143,641

The description of the subvention revenue distribution is consistent with that provided for Island #1 above.

ISLANDS #2, #3 AND #6

The revenues from Islands #2, #3, and #6 are unchanged. Property Tax and subvention revenues have been calculated as follows:

	PROPERTY TAX TRANSFER	AB 1602 (\$50 PER CAPITA)	VLF PROP 1A	CODE 2105	CODE 2106	CODE 2107	CSA 38 L SPECIAL TAX	TOTAL
ISLAND #2 - POPULATION 95 (2000 CENSUS)	\$10,478	\$4,750	\$1,048	\$581	\$353	\$751	\$903	
ISLAND #3 - POPULATION 79 (2000 CENSUS)	\$5,343	\$3,950	\$534	\$483	\$294	\$625	\$751	
ISLAND #6 - POPULATION 35 (2000 CENSUS)	\$1,969	\$1,750	\$196	\$214	\$130	\$277	\$333	
TOTAL	\$17,790	\$10,450	\$1,779	\$1,279	\$777	\$1653	\$1,986	\$65,732

In order to provide for an analysis of the costs for providing service to these areas, staff contacted the City of San Bernardino for an outline of the estimated per year service costs. The chart which follows provides the outline of anticipated service costs. As shown, the City staff has provided a reduction in revenues due to the reduction in the contract payments for the provision of fire protection services to the unincorporated islands within the City's sphere of influence. This contract is between the County of San Bernardino, County Service Area 38 (CSA 38) and the City. The terms of this agreement indicate that payments shall be made for 75% of the property tax revenues attributable to CSA 38 from within the areas; however, if annexed, the terms specify that the following year contract shall be reduced by the full value of CSA 38 attributable revenue. According to City staff, no mention is made in these documents to the revenues attributable to CSA 38 Improvement Zone L (paramedics) for transfer of the special tax being included in this calculation. LAFCO staff has adjusted the figures provided by the City to reflect the actual revenues from the islands under consideration.

While LAFCO is not a party to this contractual relationship, nor does it have jurisdiction since it is an ongoing out-of-agency contract, staff questions the reduction language. At some point, the language of this agreement would have the City providing fire protection and paramedic service for free. In the staff view, there should be no penalty for annexation of territory, especially an island annexation, so we have included a column which identifies the reduction as the actual contract payment.

	Year 1	Year 2	Year 2 Prepared by LAFCO staff - City Formula****	Year 2 Prepared by LAFCO staff - Reduction of Actual CSA 38 Contract*****
Revenue (from all sources)*	\$522,496	\$522,496	\$535,430	\$535,430
Reduction in county island contract (April of 2008)	\$ 0	\$(176,000)	\$(163,939)*	\$(122,954)
	\$522,496	\$322,431	\$371,491	*\$412,476
Costs				
Police (2 officers)	\$ 182,000	\$182,000	\$182,000	\$182,000
Code Compliance (one officer/1st yr. includes equipment costs)	\$ 65,000	\$ 60,000	\$60,000	\$60,000

Animal Control (1 officer, 1st yr. equipment)	\$82,000	\$48,000	\$48,000	\$48,000
***Public Services (infrastructure maintenance & improvements)	\$125,000	\$125,000	\$125,000	\$125,000
Total Costs	\$454,000	\$415,000	\$415,000	\$415,000
Difference	\$ 44,431	\$(92,569)	\$(43,509)	\$(2,524)
*Revenue figures have been adjusted to include VLF Funding not included in original LAFCO staff projection provided to the City.				
**Pursuant to the City/County contract for county island fire protection, as these areas are annexed the contract will be reduced by the amount of CSA 38 revenues for these areas.				
*** Public Services has identified approximately \$400,000 in infrastructure needs that will have to be identified in the CIP. The amount listed reflects \$75,000 in annual maintenance and \$50,000 in infrastructure improvements.				
**** LAFCO staff has added a 2% inflation for property tax-related revenues and a reduction in county island contract based upon 100% of property tax value for CSA 38 within modified island reorganization.				
*****LAFCO staff has included a column which shows the effect of reducing the fire protection contract between the City and County Fire by the actual contract payment amount.				

The cost information provided by the City for this consideration is different than that provided for the October 2006 update meeting held on the Arrowhead Springs annexation/Six Islands, as well as the November hearing conducted for LAFCO 3067 (copies of these staff reports are included as attachments to this report.) If the Commission directs staff to move forward with the expanded island annexation proposals, it is recommended that further considerations divide the islands into individual areas, and that the City be requested to provide a Plan for Service for each area that provides an analysis of revenues and costs upon annexation.

CONCLUSION:

Staff has provided the information requested by the Commission at the November 15th hearing. If the Commission chooses to move forward with the expanded proposals, the recommendation is that:

1. Staff be directed to conduct community meetings for the expanded island areas, in keeping with existing Commission policy;
2. LAFCO 3067 be separated into individual island areas for further consideration and that the City of San Bernardino be requested to provide a Plan for Service for each individual area. The Plan for Service to be provided shall identify revenues to be received and expenses for service provision for a minimum three-year projection;

3. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, be directed to conduct further environmental analysis for the expanded considerations; and,
4. Staff place the matters on the April 18, 2007 hearing for further consideration.

If the Commission determines not to proceed with the modification of Islands #1, #4 and #5 as outlined in this report, staff's position remains that LAFCO 3067 is a ministerial action, one which the Commission is required to approve as outlined in the November 15, 2006 hearing staff report.

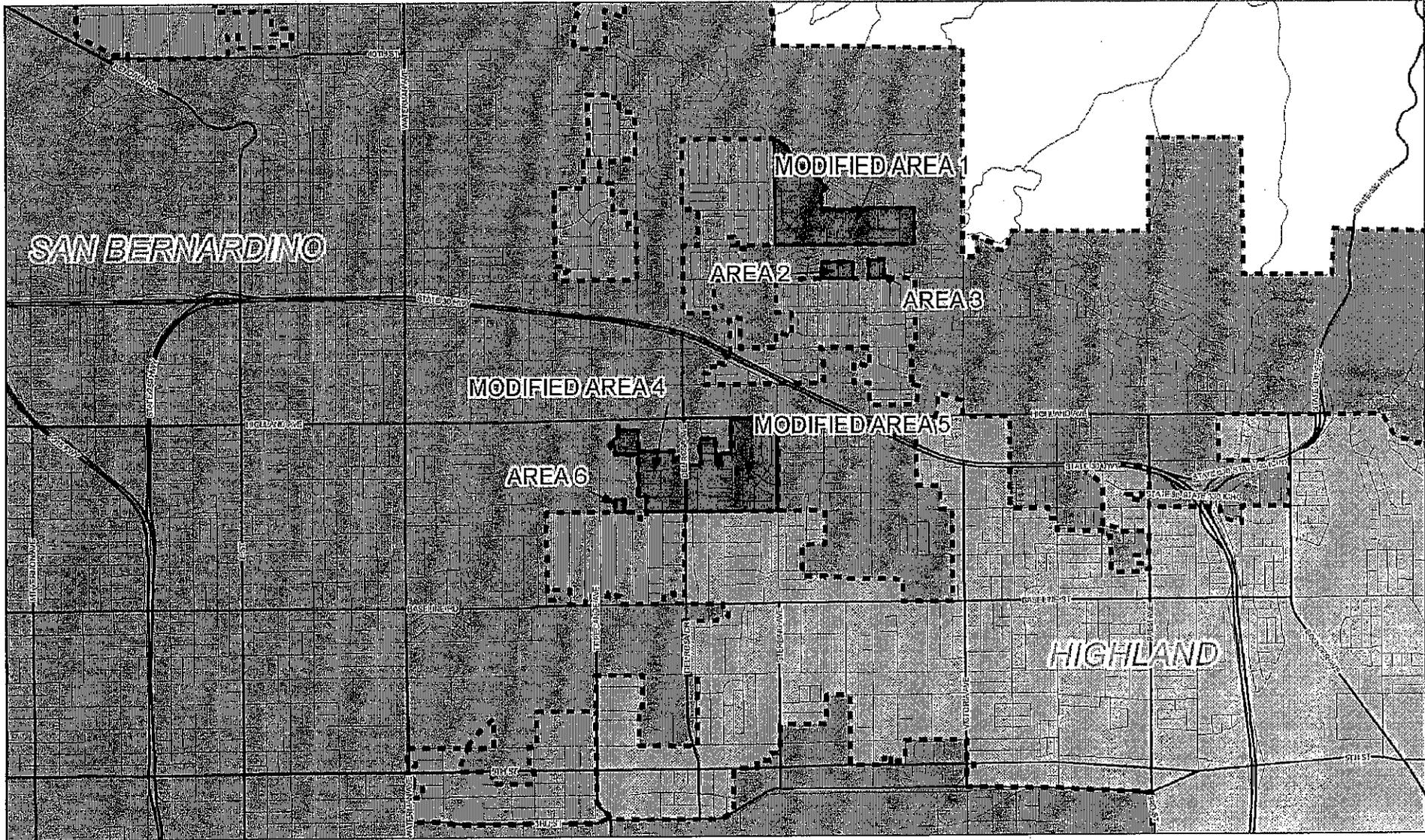
KRM

Attachments:

- 1 -- Maps – Vicinity and Location:
 - a. Proposed Expansion Areas and
 - b. Original Proposals
- 2 -- Excerpt of the Minutes from the November 15, 2006 Hearing Related to LAFCO 3067
- 3 -- E-mail Correspondence Related to Cost Estimates by the City
- 4 -- November 3, 2006 Staff Report
- 5 -- October 10, 2006 Staff Report for LAFCO 3053/3050

**Maps – Vicinity and Location:
Proposed Expansion Areas**

Attachment 1a



SAN BERNARDINO

MODIFIED AREA 1

AREA 2

AREA 3

MODIFIED AREA 4

MODIFIED AREA 5

AREA 6

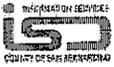
HIGHLAND

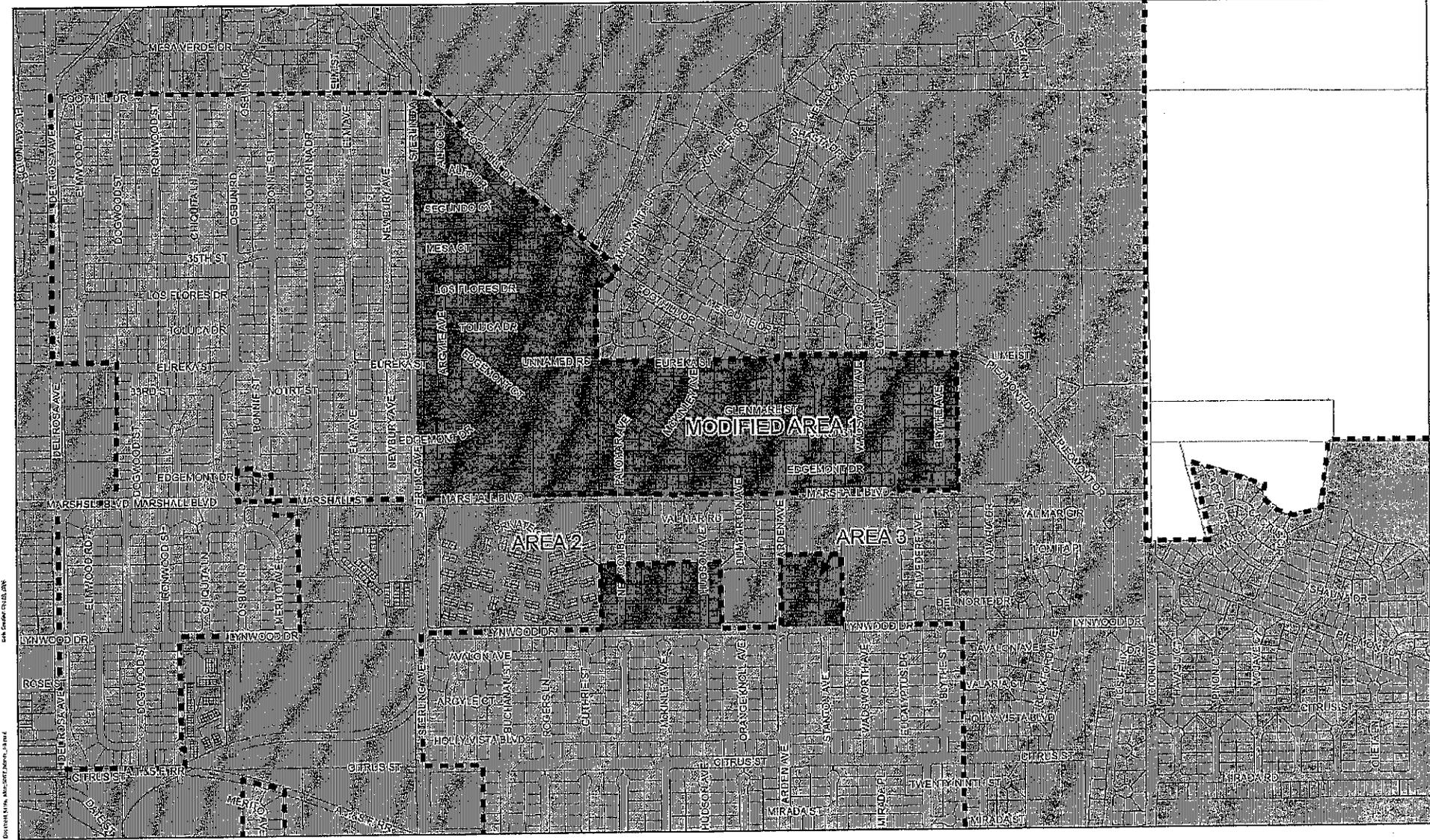
San Diego Cal. 92101

San Bernardino Cal. 92401

LAFCO 3067 AS MODIFIED BY LAFCO - REORGANIZATION TO INCLUDE CITY OF SAN BERNARDINO ANNEXATION NO. 361 (Six Islands)

- LAFCO 3067
- San Bernardino Sphere
- City of San Bernardino
- City of Highland



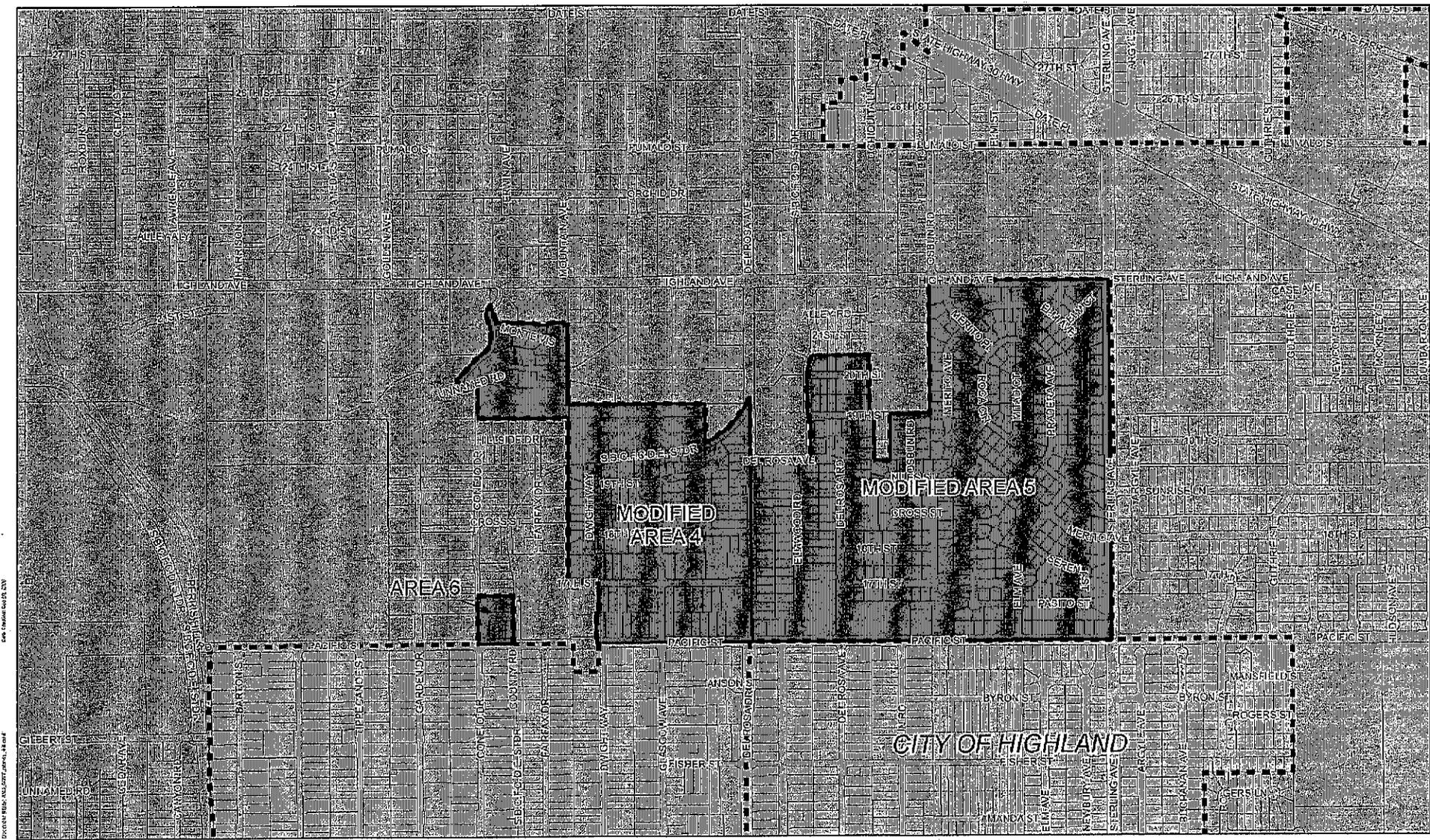


DATA SOURCES: CALTRANS, SAN BERNARDINO COUNTY GIS, AND AERIAL PHOTOGRAPHS.

**LAFCO 3067 AS MODIFIED BY LAFCO - REORGANIZATION TO INCLUDE
 CITY OF SAN BERNARDINO ANNEXATION NO. 361
 (Northern Region)**

- LAFCO 3067 Areas 1, 2, & 3
- City of San Bernardino
- San Bernardino Sphere





Scale: 1 inch = 1 mile

Source: GIS, Aerial Imagery, 2010



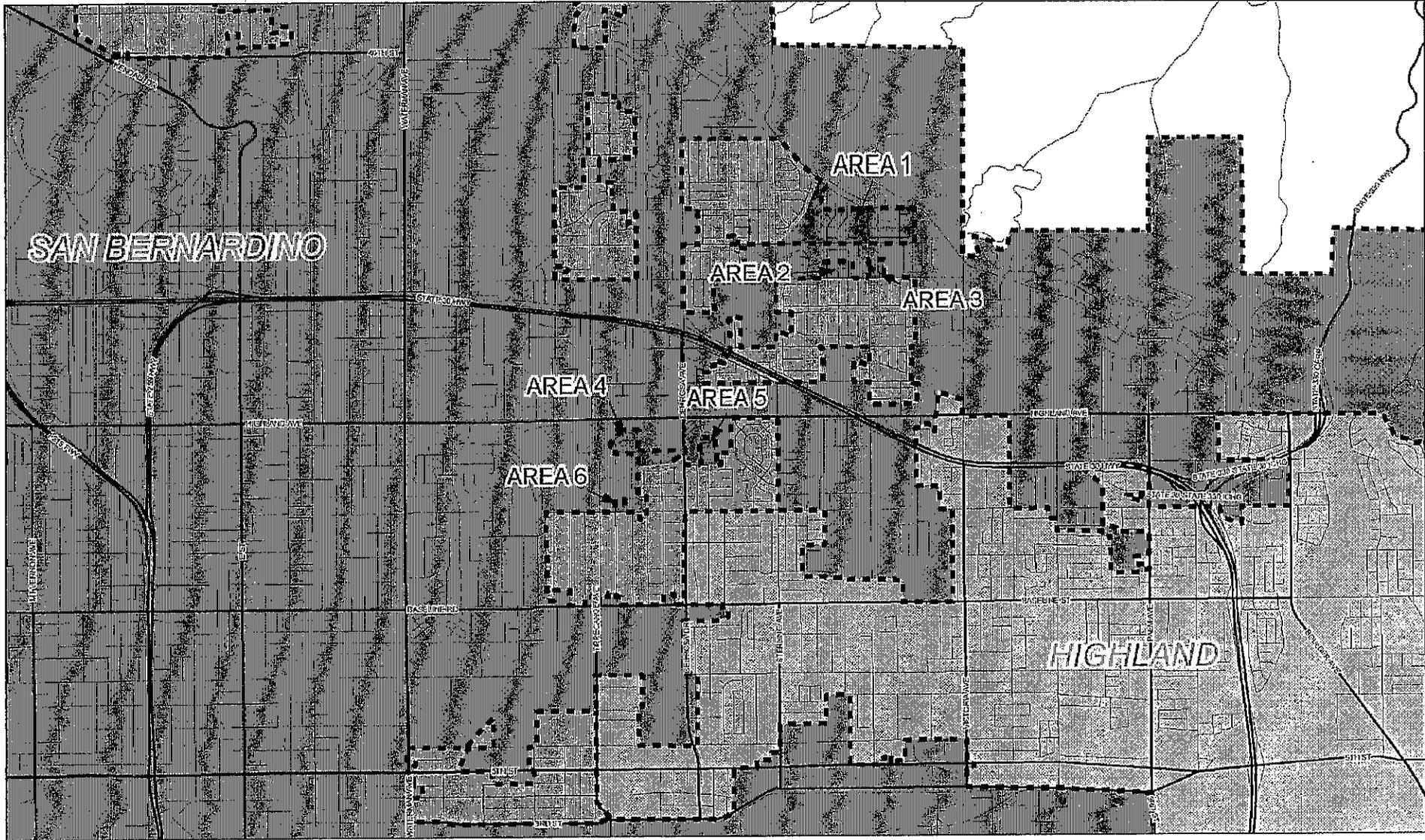
LAFCO 3067 AS MODIFIED BY LAFCO- REORGANIZATION TO INCLUDE CITY OF SAN BERNARDINO ANNEXATION NO. 361 (Southern Region)

- LAFCO 3067 Areas 4, 5 & 6
- San Bernardino Sphere
- City of San Bernardino
- City of Highland



**Maps – Vicinity and Location:
Original Proposal**

Attachment 1b



SAN BERNARDINO

HIGHLAND

LAFCO 3067- REORGANIZATION TO INCLUDE
 CITY OF SAN BERNARDINO ANNEXATION NO. 361
 (Six Islands)

- LAFCO 3067
- San Bernardino Sphere
- City of San Bernardino
- City of Highland



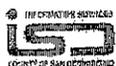
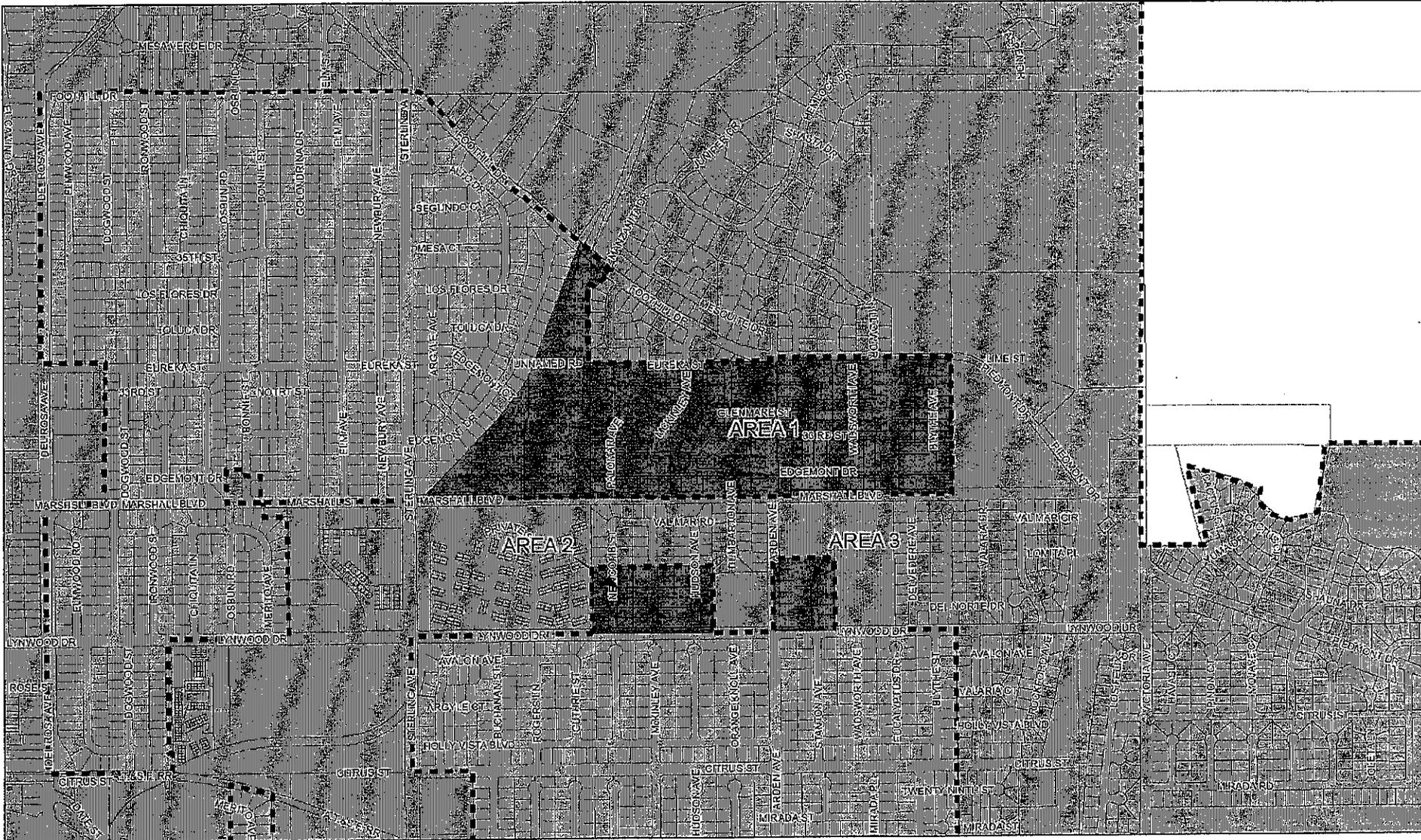
DATE: 08/11/2010

SCALE: 1" = 1 MILE



Date Revised: 08/14/10

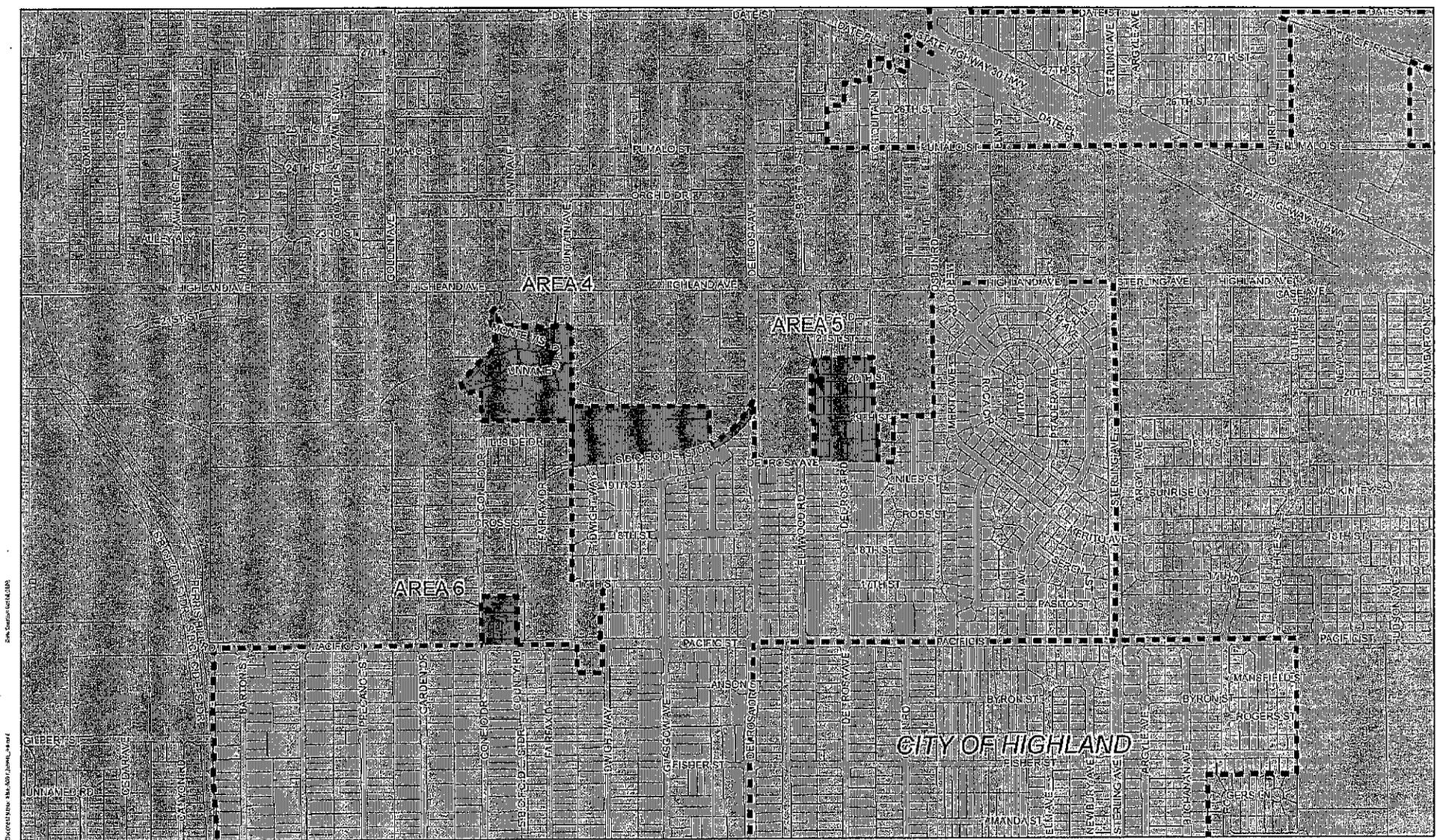
Document Map No. 001, Council, 18 staff



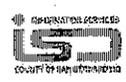
LAFCO 3067- REORGANIZATION TO INCLUDE
CITY OF SAN BERNARDINO ANNEXATION NO. 361
(Northern Region)

- LAFCO 3067 Areas 1, 2, & 3
- San Bernardino Sphere
- City of San Bernardino





DATE: 08/13/2013
 TIME: 10:07:34 AM
 USER: JAVIER



**LAFCO 3067- REORGANIZATION TO INCLUDE
 CITY OF SAN BERNARDINO ANNEXATION NO. 361
 (Southern Region)**

- LAFCO 3067 Areas 4, 5 & 6
- San Bernardino Sphere
- City of San Bernardino
- City of Highland



**Excerpt of the Minutes from the
November 15, 2006 Hearing
Related to LAFCO 3067**

Attachment 2

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF NOVEMBER 15, 2006**

Vice Chairman Colven asks if there is anyone else wishing to speak on this item. There is no one and he closes the hearing.

Commissioner Pearson moves approval of staff recommendation, seconded by Commissioner Cox. Vice Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, Cox, Hansberger, Nuaimi, Pearson, Williams. Noes: None. Abstain: None. Absent: Biane and McCallon.

CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3067; AND (2) LAFCO 3067 – REORGANIZATION TO INCLUDE CITY OF SAN BERNARDINO ANNEXATION NO. 361 (SIX ISLANDS) – CONTINUE TO FEBRUARY 21, 2007, WITH STAFF REQUESTED TO RETURN WITH INFORMATION ON POSSIBLE MODIFICATIONS TO ISLANDS

(It is noted that Chairman Biane announced that he will abstain from voting on this item and he left the hearing earlier.)

LAFCO conducts a public hearing to consider a reorganization initiated by the City of San Bernardino (hereinafter referred to as "the City") to include annexation of six substantially-surrounded unincorporated islands of territory (identified as Areas 1 through 6) located in the northeastern sphere of influence of the City. The reorganization, when originally initiated by the City, encompassed a total of approximately 97+/- acres. Notice of this hearing has been advertised as required by law through publication in The Sun, a newspaper of general circulation in the area. Individual mailed notice was provided to affected and interested agencies, County departments, those individuals and agencies requesting mailed notice, and to landowners and registered voters within and surrounding the reorganization area pursuant to State law and Commission policy.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. She states that this proposal was initiated by the City Council at the direct request of the Commission, as discussed at its hearing in April 2006 regarding a request for the Commission to override its environmental litigation policy for LAFCO 3050 related to the annexation of the Arrowhead Springs Specific Plan area. She shows a map of the six islands being considered today, outlined in red on the overhead display and on page three of the staff report, stating that they are divided into northern and southern regions. She points out that the five additional islands the City has committed to initiate over a period of time are outlined in yellow and she reports that the City has taken an official action indicating it will initiate three additional islands by the end of January 2007 and two additional islands by January 2008. She discusses that the City committed to addressing the 13 islands which met the island annexation criteria. She explains that the Del Rosa Island (LAFCO 3049) was completed in June; that six are being considered today; that five are to be initiated by the City; and that the 13th island, located along Third Street, has not been included in these discussions due to concerns related to water and the City's Federal Court Consent Decree governing its containment of a contaminant plume. She says the City has indicated it will be working with the City of Riverside, which has well facilities in that area, and the residents to address annexation of that area later under the standard annexation process.

Ms. McDonald says that as outlined in the staff report, staff believes that these six islands clearly meet the criteria established by State law and Commission policy which require the Commission to approve the annexation of islands of unincorporated territory and to approve the annexation without the ability of protest. She discusses that as the staff's review process began, the proposal was divided into northern and southern regions, with Areas 1, 2 and 3 in the northern region, and Areas 4, 5 and 6 in the southern region. She explains that staff has expanded Area 1 to include territory to the westerly boundary of the Flood Control Channel so that area now contains 84+/- acres. She says Area 2 is 10+/- acres and Area 3 is 6+/- acres. She reports that in the southern region, staff expanded Area 4 to include Flood Control properties to the south to provide a clean delineation between City and County responsibilities in that area, so Area 4 now encompasses 21+/- acres. She says Area 5 is 8+/- acres and that Area 6 is 2+/- acres. Ms. McDonald says these six islands are all substantially surrounded; have been in the City's sphere of influence for a number of years; are developed or developing; contain no prime agricultural land; and will

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF NOVEMBER 15, 2006**

benefit and have benefited from reorganization because they currently receive fire protection and paramedic services from the City through a contract with the County. She says the City conducted an outreach program for all the areas. She says that none of the areas are part of a County Redevelopment Area, but she says that Areas 4, 5 and 6 are part of the Inland Valley Development Authority. She presents a "flyover" of the areas.

Commissioner Hansberger notes that Areas 4, 5 and 6 are part of a much larger island and asks what the size of the larger island is and what the acreage would be if the island were taken from Pacific Street north. Ms. McDonald says she believes the acreage of the larger island is in excess of 350 acres. She says she does not know the acreage of the island if it were taken from Pacific Street north but can get an answer to those questions. Commissioner Hansberger asks why the City is taking bits and pieces rather than initiating annexation for a more complete serviceable area. Ms. McDonald responds that the initiation of those areas related to the islands the City felt comfortable annexing under the existing Commission policies, State law and the City Council's position. She notes that the City Council does not adhere to the Commission's 52% criteria and is comfortable only with islands that are 75% or greater surrounded. Commissioner Nuaimi points out that if they took in the area from Del Rosa Avenue east, that is well in excess of 75% surrounded and is probably under 150 acres. Commissioner Hansberger comments that the access points to these areas seem to come, to the largest extent, through the unincorporated island. He says it appears that attaching them to something such as Pacific Street, Del Rosa, Highland or Sterling Avenues would give an appropriate access for police and fire and would create a more logical boundary. Discussion follows, with Ms. McDonald stating that some of the boundaries could be expanded; but she says she does not know what the acreage configurations would be so she cannot say if they would qualify to be annexed under the island annexation provisions. She says if the Commission would like to know what the acreage configurations are and the possibilities for expanding the existing islands, consideration of a portion of the islands could be continued to January and staff could return with information regarding the acreages of the areas and whether they would qualify under the island provisions.

Ms. McDonald states that the staff report outlines the existing land uses and rezoning designations to be applied upon annexation. She summarizes the City's plan for providing services to the areas, as outlined in the staff report. She says that staff supports approval of this reorganization and does not believe the Commission has the ability to deny the annexations. She says if the Commission wishes to look at other boundary alternatives, it can continue this hearing to January with direction to staff to return with further information related to the areas. She notes that a Statutory Exemption has been recommended as appropriate by the Commission's Environmental Consultant Tom Dodson and Associates and notes that a condition has been included in the draft resolution indicating that the City's utility tax will not be extended to these areas. She says the Commission has been presented with a letter today from Alan Nolan objecting to annexation, but she says his comments relate to a future annexation and not one of these six islands being considered today. Ms. McDonald says the staff recommendation is outlined on pages one and two of the staff report and includes that the Commission: 1) adopt the Statutory Exemption and direct the Clerk to file a Notice of Exemption; 2) modify Islands 1 and 4 to expand their boundaries to include the Flood Control Channels; 3) approve LAFCO 3067 as island annexations with the listed conditions; 4) waive the protest proceedings as required by Government Code Section 56375.3; and 5) adopt LAFCO Resolution No. 2948 setting forth the Commission's findings and determinations.

Commissioner Hansberger asks what the total acreage is for the island of which Area 1 is a part. Ms. McDonald responds that she estimates it at about 220 acres. She says that Area 1 as reviewed by the County Surveyor and as modified to include the Flood Control property now contains 84 acres, noting that the map attached to the staff report on page 2 of 3 lists the acreage before the expansion. Commissioner Nuaimi discusses that expanding Area 1 to Sterling Avenue to take in the triangle piece northwest of the Flood Control Channel would keep the island under 150 acres and bring in some additional neighborhoods, maximizing the acreage of islands, which he says is one of the Commission's goals. Ms. McDonald responds that if the Commission is more comfortable with expanding the areas to take in additional territory, that will require recalculation of the acreages and renotification to the people in the areas. She points out that one of the additional islands to be initiated by the City is the one that is south of Marshall Blvd. and east of Del Rosa Avenue. She says the only way to comprehensively address

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF NOVEMBER 15, 2006**

service delivery in this area would be to take the entire island, which cannot be done under the existing island annexation provisions.

Commissioner Sedano says that what the City has initiated may not be perfect, but it is a step in the right direction, because the City is moving forward and cleaning up a number of its islands. He encourages the Commission to approve staff recommendation as presented. Commissioner Hansberger says it has been proven over the past 30 years in dealing with this issue that service to these areas when they are broken up as they are is less than desirable. He says he thinks it is very desirable to get these areas under a common jurisdiction, which is why he urged in the past that a municipal reorganization be undertaken to clarify and straighten up the boundaries. He says in this instance there seems to be no other choice for service provider but the City and he urges the Commission to be aggressive and get the maximum annexations achievable.

Ms. McDonald says that staff will obtain the necessary information for the possible expansion of the areas discussed. She points out that if the Commission modifies the boundaries of the City's application, a renegotiation of the property tax transfer will be required pursuant to Revenue and Taxation Code Section 99.

Vice Chairman Colven opens the public hearing.

Jim Morris, the Mayor's Chief of Staff, says he understands Commissioner Hansberger's concerns about eliminating these islands as quickly as possible. He says they are a jurisdictional problem; that these areas have older developments with development standards that do not match the City's standards which presents problems; but he says that does not mean the City should not address them. Mr. Morris says that Ms. McDonald pointed out earlier that the current proposal of the City is a somewhat carefully crafted compromise. He says the City is a political body and has a number of different views on how aggressive annexation should be and how much should be done, so he says, at this point, what is before the Commission is the best compromise the City could achieve. He says that with the extension of the island annexation law, the Commission has the commitment of the Mayor's office to continue exploring the opportunities for annexations and he says the City agrees this is an issue that should be resolved. He urges that the City be allowed to get this project moving because it is connected to the Arrowhead Springs annexation which the City has been working on for a number of years. He says he would hate for the City to have to go back to the negotiation table and have to revisit this issue with the City Council and attempt to redefine or make modest changes in those island annexation boundaries.

Commissioner Hansberger discusses that he understands Mr. Morris' concerns. He explains that he is just saying that it is time to quit doing a piecemeal job and do things right and he says he thinks it is just a question of mechanics.

Commissioner Nuaimi says he appreciates the City's position and challenge. He notes that at the last hearing on this issue, the Commission heard that the City's position on the island annexations was not one of finance but one of being able to hire staff to service these new areas. He says part of his concern is taking an action today that could prevent a future island from being defined or formed, which is why he wants to be cautious about approving this proposal. He discusses that Area 1 could be expanded to Sterling Avenue, which would leave another island adjacent to Area 1 from Foothill Drive south to Marshall Blvd., between Del Rosa and Sterling Avenues that is under 150 acres. He says then there would be a third island from Marshall Blvd. south, from Del Rosa Avenue to Citrus Street. He says he is concerned that by not expanding Area 1 to Sterling Avenue now, the City might not be able to take in that second "bite" later. He says he understands that the City Council does not agree with the Commission's interpretation of 52% surrounded, but he says that tool was established to give cities the most flexible tool to use. He says Areas 4, 5 and 6 all probably can be expanded. He says that it is just a matter of timing now so that the City can absorb the impacts and hire the required staff. He asks that the Commission not do something in haste. He says he does not want to hold up the Arrowhead Springs annexation because the City is continuing with its good faith efforts. He says the Commission has an opportunity to close out these neighborhoods and relieve the County from having to service a few blocks.

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HEARING OF NOVEMBER 15, 2006**

Commissioner Hansberger says the County also has a problem with staffing in most of those areas. He says he does not know why an arrangement could not be worked out by which the County, which currently serves some of those areas, could bridge some of that gap for a period of time until the City is staffed. He says that if Area 4 was expanded east to Del Rosa Avenue and south to Pacific Street, and Area 5 was expanded west to Del Rosa Avenue and all the way east to Sterling Avenue, then there would be a cleanly- served neighborhood under one jurisdiction north of Pacific Street and south of Highland Avenue.

Ms. McDonald says the acreages will have to be calculated and the issue of substantially surrounded addressed. She suggests that since the holidays are coming, and since the sunset of the island annexation provisions is no longer an issue, it might be better to continue this hearing to February to allow staff time to obtain the necessary information and discuss with the City its position. Commissioner Hansberger says he would like to do that without constraining the Arrowhead Springs annexation. Ms. McDonald responds that hearing was continued to January and that issue will move forward at the January hearing. Commissioner Hansberger asks that staff look into expanding Area 1 to Sterling Avenue, from Marshall Blvd. to Foothill Drive on the north, as well as expanding Area 4 to Del Rosa Avenue on the east and Pacific Street on the south, and to see about using the entirety of the boundary shown from Highland Avenue to Pacific Street and from Sterling Avenue to Del Rosa Avenue for Area 5. Commissioner Nuaimi says he would like to know the acreage for the area from Foothill Drive to Marshall Blvd., west of Sterling Avenue. Ms. McDonald says staff will outline the property tax revenues, population based on the census and provide some calculations of the preliminary revenues that would succeed to the City with the proposed expansions. Commissioner Hansberger comments that under the Commission's criteria, Islands 2 and 3 could probably be expanded to Citrus Avenue, but he says that would challenge the City's criteria significantly.

Commissioner Hansberger moves to continue this hearing to February 21, 2007, with direction to staff to provide the necessary information related to the possible expansion of the areas as discussed. The motion is seconded by Commissioner Nuaimi.

Vice Chairman Colven opens the public hearing and asks if there is anyone wishing to speak on this matter.

Jeanne Zeldin, a resident on Newcomb Street, which is south of Area 2, says the annexation issue has come up several times since she has lived in that area, and she says the residents do not want to be annexed. She states that she walked around to her neighbors north and south of Lynwood in her immediate area and she was the only person who received a notice of this hearing. She says former Mayor Bob Holcomb gave the residents in this area an opportunity to vote on annexation, but she says it was voted down. Ms. McDonald states that over 1,000 notices were mailed out to property owners and registered voters within the annexation areas as well as surrounding the areas and she says a legal ad also appeared in the paper. She explains that only the actual property owner receives the notice and states that if some of the people are renters and are not registered to vote, they would not receive a notice. Ms. Zeldin asks if annexation is a "done deal". Ms. McDonald explains that if this proposal moves forward in its current configuration and under the island annexation provisions, the property owners and registered voters will have no right to protest. She explains the island annexation provisions and says these islands meet the criteria that eliminates the protest proceeding. She says Ms. Zeldin is right; that in about 1985 all these areas were considered for annexation but the protest was sufficient to terminate the proposal.

Commissioner Hansberger explains that if Ms. Zeldin's area was annexed, there would be no change in her fire service because the City currently provides those services; he says that paramedic, water and sewer services will not change. He says the land use authority will change, but he explains that since the area is almost entirely developed, only the code enforcement aspect of that authority would be affected. He also points out that because the utility tax cannot be extended to the annexed areas, the only significant change would be that the City Police would provide service instead of the County Sheriff. Commissioner Nuaimi discusses that because only friendly annexations have taken place, areas are left with people in them who do not want to be annexed, leaving isolated islands that cannot be efficiently served. He explains that when cities annex people against their will, tax revenues are captured and they

**E-mail Correspondence Related to
Cost Estimates by the City**

Attachment 3

Rollings-McDonald, Kathleen

From: Baker_Te [Baker_Te@ci.san-bernardino.ca.us]

Sent: Wednesday, February 07, 2007 5:05 PM

To: Rollings-McDonald, Kathleen

Subject: Cost estimates for 6 areas

Sorry this took so long. I had to run it by Fred. Please call if you have any questions.

Teri

Teri Baker

Assistant to the City Manager

City Manager's Office

City of San Bernardino

Phone (909) 384-5122

Fax (909) 384-5138

Cost/Revenue Estimates for Areas 1 - 6

	Year 1	Year 2
Revenue (from all sources)	\$ 498,431	\$ 498,431
*Reduction in county island contract (April of 2008)	\$ -	\$ (176,000)
	\$ 498,431	\$ 322,431
Costs		
Police (2 officers)	\$ 182,000	\$ 182,000
Code Compliance (one officer/1st yr. includes equipment costs)	\$ 65,000	\$ 60,000
Animal Control (1 officer, 1st yr. equipment)	\$ 82,000	\$ 48,000
**Public Services (infrastructure maintenance & improvements)	\$ 125,000	\$ 125,000
Total Costs	\$ 454,000	\$ 415,000
Difference	\$ 44,431	\$ (92,569)

*Pursuant to the City/County contract for county island fire protection, as these areas are annexed the contract will be reduced by the amount of CSA 38 for these areas

** Public Services has identified approximately \$400,000 in infrastructure needs that will have to be identified in the CIP. The amount listed reflects \$75,000 in annual maintenance and \$50,000 in infrastructure improvements.

Rollings-McDonald, Kathleen

From: Baker_Te [Baker_Te@ci.san-bernardino.ca.us]
Sent: Thursday, February 08, 2007 9:37 AM
To: Rollings-McDonald, Kathleen
Subject: FW: New Annex Cost

> -----Original Message-----

> From: Kuettle_Ra
> Sent: Wednesday, February 07, 2007 4:05 PM
> To: Baker_Te
> Cc: Fischer_Ke
> Subject: New Annex Cost

> Terri, The following estimates are cost for the Annexation of 1,4,5. The cost are based on maintenance items and annual cost only. No capital out lays.

> Tree trimming and Maintenance: One time cost \$10,500 Annual cost \$3,500

> Pavement maintenance: One time cost \$150,000 Annual cost \$ 30,000

> Concrete Maintenance: One time Cost \$175,000 Annual Cost \$10,000

> Street Sweeping: To start sweeping Annual Cost \$ 28,000

> Street Lighting: Edison maintained Annual Cost \$12,00

> Traffic Signals: One time cost \$2,500 to upgrade 2 intersections

> Traffic Signs: One time cost \$36,600 to up grade to City Standard Annual Cost \$1,200

> Right of Way Maintenance: Annual Maintenance Cost \$ \$7,000

> Drain Maintenance: Annual Cost: \$6,000

> Sewer Maintenance: \$0 All line belong to Eastern Water District

November 3, 2006 Staff Report

Attachment 4

**LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO**

215 North D Street, Suite 204,
San Bernardino, CA 92415-0490 • (909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: NOVEMBER 3, 2006
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #10 – LAFCO 3067 – REORGANIZATION TO
INCLUDE CITY OF SAN BERNARDINO ANNEXATION NO. 361
(SIX ISLANDS)**

INITIATED BY:

City Council Resolution, City of San Bernardino

RECOMMENDATION:

Staff recommends that the Commission approve LAFCO 3067 by taking the following actions:

1. Adopt the Statutory Exemption that has been recommended for this proposal, and direct the Clerk to file a Notice of Exemption within five (5) days of this action;
2. Modify Island #1 and Island #4 to expand their boundaries to include the Flood Control Channels as more specifically described on the modified map and legal descriptions for the reorganization;
3. Approve LAFCO 3067 – Reorganization to Include City of San Bernardino Annexation No. 361 as island annexations, as defined in Government Code Section 56375.3, with the following conditions:
 - a. That the City of San Bernardino's 7.93% utility tax will not be extended to the reorganization area;
 - b. That the City of San Bernardino shall succeed to the special tax authorized County Service Area 38 (CSA 38) Improvement Zone L for paramedic services upon successful completion of this reorganization. The

City shall succeed to all rights, duties and powers for the administration of this special tax as a function of this reorganization, as more specifically identified in the attached draft resolution;

- c. All streetlights currently the responsibility of County Service Area SL-1 (CSA SL-1) within the reorganization area shall be transferred to the City of San Bernardino upon successful completion of the reorganization. The County Special Districts Department shall prepare the appropriate documentation to transfer the lights, LAFCO staff shall verify the data, and the City of San Bernardino shall sign the authorization form requesting Southern California Edison to transfer the specific lights to the City of San Bernardino accounts; and,
 - d. The standard terms and conditions of approval that include the "hold harmless clause for potential litigation.
4. Waive the protest proceedings, as required by Government Code Section 56375.3; and,
 5. Adopt LAFCO Resolution #2948 setting forth the Commission's findings and determinations concerning this proposal.

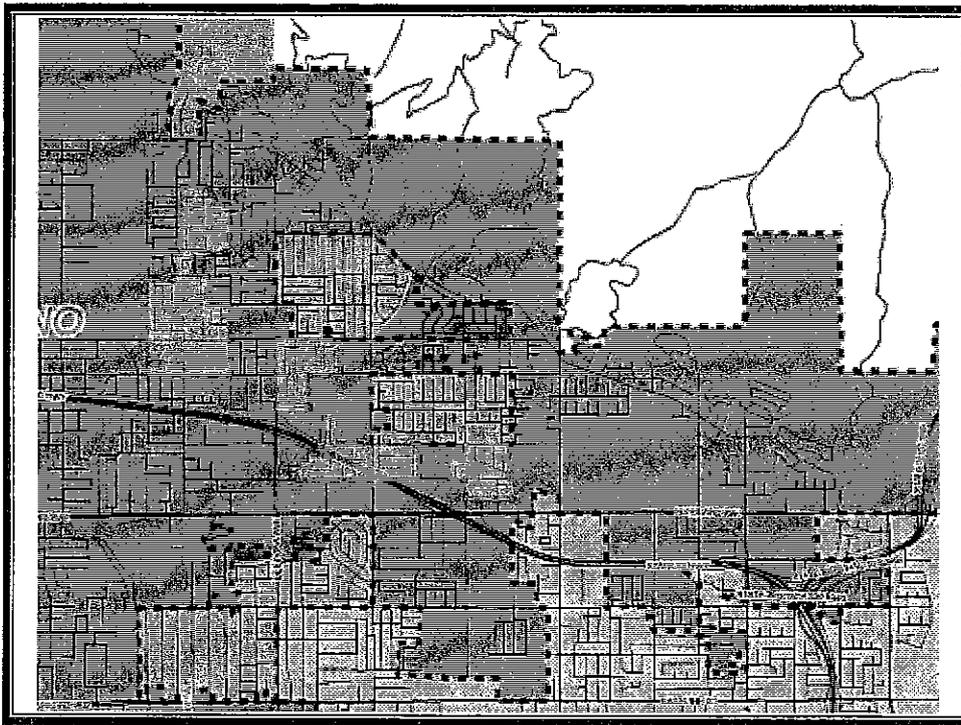
BACKGROUND:

LAFCO 3067 is a proposal to annex six substantially-surrounded unincorporated islands of territory located in the northeastern sphere of influence of the City of San Bernardino. The annexations, as initiated by the City, included approximately 97 +/- acres. Following submission of the application, LAFCO staff, in consultation with City staff, expanded the areas of Island #1 and Island #4 to include the San Bernardino Flood Control facilities to provide for a clearer delineation of City boundaries. With the expansions, the total acreage involved in the reorganization proposal is now 131 +/- acres.

LAFCO 3067 was initiated by the City of San Bernardino in response to directives of the Commission. These directives were officially outlined at its April 2006 hearing regarding LAFCO 3050 (Arrowhead Springs Specific Plan). At that hearing, the Commission indicated its intention to require the City to address its island areas as a part of the consideration of LAFCO 3050, a development-related annexation. It was noted that it would apply this directive through imposition of a condition of approval requiring initiation of the annexation of the City's island areas prior to completion of LAFCO 3050. At that hearing the City committed to addressing the thirteen islands which met the Commission's criteria for being totally or substantially surrounded islands areas, as well as meeting the City's criteria of being at least 75% surrounded.

At the May 2006 hearing, the Commission approved the annexation of the totally-surrounded Del Rosa Island (LAFCO 3049) to the City of San Bernardino, which became effective in June 2006. At the July 11, 2006 City Council meeting, the City initiated the annexation of six of the remaining twelve islands (the proposal under consideration today) and outlined a schedule to address five additional island areas. The thirteenth island, located along Third Street, has not been included in these ongoing discussions due to issues related to water, identified as being the City's Federal Court Consent Decree governing its containment of a contaminant plume, the City ordinance implementing those provisions, and their effects upon the City of Riverside wells within the area. City staff has indicated that there are ongoing discussions related to this area, but they will need to be addressed at a later time following resolution of the water issues.

The illustration below shows the six islands under consideration as LAFCO 3067 in red. The yellow areas identify the remaining five islands to be initiated by the City, in two phases, by no later than January 2008 as outlined in City Resolution No. 2006-348.



The reorganization as presented is intended to clarify the City's boundaries for the provision of services. Location and vicinity maps and the City's application are included as Attachments #1 and #2 respectively to this report.

In the staff's view, the reorganization proposal before the Commission is a ministerial action. This position is taken on the basis of the provisions within Government Code Section 56375(a) which requires the Commission to approve the annexation of "islands"

of unincorporated territory and Government Code Section 56375.3 which requires the Commission to approve the annexation of island territory without the ability of protest if several basic findings are made concerning the size of the island, the configuration of city boundaries, the lack of prime agricultural land within the island area, the presence of development in the area, and the ability of the study area to benefit from or use municipal services from the City. Copies of these Code Sections are included for Commission review as Attachment #3 to this report.

A response to each of the mandatory determinations required by Section 56375.3 and the Commission's policies is provided below for each of the islands:

- Area 1 encompasses approximately 84 +/- acres generally located north of Marshall Blvd. (City of San Bernardino boundary), east of the San Bernardino County Flood Control property line, south of a combination of Foothill and Piedmont Drives (City of San Bernardino boundary), and west of parcel lines (City of San Bernardino boundary). This area was modified by LAFCO staff to include the territory to the westerly boundary of the Flood Control Channel.
 - The area is 84 +/- acres in size as verified by the County Surveyor's Department, within the 150 acre threshold and encompasses the entire substantially-surrounded island;
 - The area is substantially surrounded. The modified island is 79% surrounded by existing City of San Bernardino boundaries as verified by the County Surveyor's Department. However, the island would be considered 100% surrounded utilizing the Commission's policy definition of impediments to service delivery, the westerly boundary of the island, as modified, being placed along the Flood Control Channel;
 - The study area is substantially developed or developing, on the basis that public utilities are available in the area, there are public improvements in the area, and there are physical improvements on many, if not most, of the properties;
 - The study area does not contain prime agricultural land as such is defined by LAFCO statutes;
 - The study area will benefit from the annexation or is receiving benefits from the annexing city, on the basis that the area currently receives its structural fire protection and paramedic service through the City by contract with CSA 38 and its Improvement Zone L;
 - The City of San Bernardino has conducted an outreach program prior to the Commission consideration of the reorganization application; and,
 - The area is not included within a County Redevelopment Area.
- Area 2 encompasses approximately 10 +/- acres generally located north of Lynwood Drive, and west, south and east of parcel lines (City of San Bernardino boundary), including territory east and west of McKinley Avenue.

- The area is 10 +/- acres in size as verified by the County Surveyor's Department, within the 150 acre threshold and encompasses the entire substantially-surrounded island;
 - The area is substantially surrounded. The island is 68% surrounded by existing City of San Bernardino boundaries as verified by the County Surveyor's Department;
 - The study area is substantially developed or developing, on the basis that public utilities are available in the area, there are public improvements in the area, and there are physical improvements on many, if not most, of the properties;
 - The study area does not contain prime agricultural land as such is defined by LAFCO statutes;
 - The study area will benefit from the annexation or is receiving benefits from the annexing city, on the basis that the area currently receives its structural fire protection and paramedic service through the City by contract with CSA 38 and its Improvement Zone L;
 - The City of San Bernardino has conducted an outreach program prior to the Commission's consideration of the reorganization application; and,
 - The area is not included within a County Redevelopment Area.
- Area 3 encompasses approximately 6 +/- acres generally located north of Lynwood Drive, and west, south and east of parcel lines (City of San Bernardino boundary), including territory east and west of Stanton Avenue.
 - The area is 6 +/- acres in size as verified by the County Surveyor's Department, within the 150 acre threshold and encompasses the entire substantially-surrounded island;
 - The area is substantially surrounded. The island is 78% surrounded by existing City of San Bernardino boundaries as verified by the County Surveyor's Department;
 - The study area is substantially developed or developing, on the basis that public utilities are available in the area, there are public improvements in the area, and there are physical improvements on many, if not most, of the properties;
 - The study area does not contain prime agricultural land as such is defined by LAFCO statutes;
 - The study area will benefit from the annexation or is receiving benefits from the annexing city, on the basis that the area currently receives its structural fire protection and paramedic service through the City by contract with CSA 38 and its Improvement Zone L;
 - The City of San Bernardino has conducted an outreach program prior to the Commission's consideration of the reorganization application; and,
 - The area is not included within a County Redevelopment Area.

- Area 4 encompasses approximately 21+/- acres generally located east of Monte Vista Drive, south of Highland Avenue, and west of Del Rosa Avenue. The island area is generally bordered by parcel lines (existing City boundary) on the west, north, and east, and the Flood Control Channel on the south. This area was modified by LAFCO staff expand to include Flood Control properties to the south.
 - The area is 21 +/- acres in size as verified by the County Surveyor's Department, within the 150 acre threshold and encompasses the entire substantially-surrounded island;
 - The area is substantially surrounded. The modified island is 78% surrounded by existing City of San Bernardino boundaries as verified by the County Surveyor's Department. However, the island would be considered 100% surrounded utilizing the Commission's policy definition of impediments to service delivery, the southerly boundary of the island, as modified, being placed at the Flood Control Channel boundary;
 - The study area is substantially developed or developing, on the basis that public utilities are available in the area, there are public improvements in the area, and there are physical improvements on many, if not most, of the properties;
 - The study area does not contain prime agricultural land as such is defined by LAFCO statutes;
 - The study area will benefit from the annexation or is receiving benefits from the annexing city, on the basis that the area currently receives its structural fire protection and paramedic service through the City by contract with CSA 38 and its Improvement Zone L;
 - The City of San Bernardino has conducted an outreach program prior to the Commission's consideration of the reorganization application; and,
 - The area is not included within a County Redevelopment Area requiring consent pursuant to Commission policy. The area is a part of the Inland Valley Development Redevelopment Project area, as certified by the County Assessor; however, this is a joint redevelopment area of which the County and City are both participants.

- Area 5 encompasses approximately 8.16+/- acres generally located east of Elmwood Road and south of 21st Street. The island area is generally bordered by Elmwood Road (existing City boundary) on the west, parcel lines (existing City boundary) on the north and east, and Del Rosa Avenue on the south.
 - The area is 8 +/- acres in size as verified by the County Surveyor's Department, within the 150 acre threshold and encompasses the entire substantially-surrounded island;

- The area is substantially surrounded. The island is 78% surrounded by existing City of San Bernardino boundaries as verified by the County Surveyor's Department;
 - The study area is substantially developed or developing, on the basis that public utilities are available in the area, there are public improvements in the area, and there are physical improvements on many, if not most, of the properties;
 - The study area does not contain prime agricultural land as such is defined by LAFCO statutes;
 - The study area will benefit from the annexation or is receiving benefits from the annexing city, on the basis that the area currently receives its structural fire protection and paramedic service through the City by contract with CSA 38 and its Improvement Zone L;
 - The City of San Bernardino has conducted an outreach program prior to the Commission's consideration of the reorganization application; and,
 - The area is not included within a County Redevelopment Area requiring consent pursuant to Commission policy. The area is a part of the Inland Valley Development Redevelopment Project area, as certified by the County Assessor; however, this is a joint redevelopment area of which the County and City are both participants.
- Area 6 encompasses approximately 2.15+/- acres generally located north of Pacific Street and east of Conejo Drive. The island area is generally bordered by Pacific Street on the south, Conejo Drive (existing City boundary) on the west, parcel lines (existing City boundary) on the north and the Flood Control Channel on the east.
 - The area is 2 +/- acres in size as verified by the County Surveyor's Department, within the 150 acre threshold and encompasses the entire substantially-surrounded island;
 - The area is substantially surrounded. The island is 79% surrounded by existing City of San Bernardino boundaries as verified by the County Surveyor's Department;
 - The study area is substantially developed or developing, on the basis that public utilities are available in the area, there are public improvements in the area, and there are physical improvements on many, if not most, of the properties;
 - The study area does not contain prime agricultural land as such is defined by LAFCO statutes;
 - The study area will benefit from the annexation or is receiving benefits from the annexing city, on the basis that the area currently receives its structural fire protection and paramedic service through the City by contract with CSA 38 and its Improvement Zone L;

- o The City of San Bernardino has conducted an outreach program prior to the Commission's consideration of the reorganization application; and,
- o The area is not included within a County Redevelopment Area requiring consent pursuant to Commission policy. The area is a part of the Inland Valley Development Redevelopment Project area, as certified by the County Assessor; however, this is a joint redevelopment area of which the County and City are both participants.

Based upon the information outlined above, it is staff's position that the mandatory determinations are clearly made. Therefore, the Commission is:

1. Required by Government Code Section 56375(a) to approve the reorganization proposal as submitted by the City of San Bernardino; and,
2. Required by Government Code Section 56375.3 to approve LAFCO 3067 without the ability of protest by landowners and registered voters.

The following provides abbreviated responses to the balance of the issues which the Commission reviews and considers in all reorganization proposals - land use, service effects and the effect on other levels of government and environmental considerations.

LAND USE:

The existing County land uses for this area are predominantly residential in nature. The City of San Bernardino's recent General Plan Update, adopted in November 2005, carried forward the pre-zoning for the areas established by the 1991 General Plan. The land use designations between the County and City are in general consistent.

The land use designations assigned by the City and County are shown on the following chart:

ISLAND IDENTIFICATION	COUNTY LAND USE DESIGNATION	CITY LAND USE DESIGNATION/PRE-ZONE
AREA 1	RS-9M (Residential, Single-family minimum 9,000 sq. foot lot size)	RS (Residential Suburban) Single-family units 4.5 dwelling units per acre, 7,200 sq. ft. minimum lot size
AREA 2	RS-9M	RS
AREA 3	RS-9M	RS
AREA 4	RS (Residential, Single-family)	RL (Residential Low) Single-family residential units allowing 3.1 dwelling units per acre, 10,800 sq. ft. minimum lot size
AREA 5	RS (Residential) and CO (Office Commercial)	RS
AREA 6	RS	RU-1 (Residential Urban) Multi-family units -- allows for up to 9 dwelling units per acre (7,200 sq. ft. minimum lot size, 5,200 sq. ft.

		minimum lot size in planned unit developments)
--	--	--

The City's pre-zone designations will need to be maintained for a two-year period following reorganization (required by Government Code Section 56735 (e)) unless specific determinations are made by the City Council at a public hearing.

In addition, LAFCO staff and members of the City and County Planning staffs have met to review issues related to the handling of the transition of land use projects from the County to the City. It has been identified that there is one project currently in process at the County affected by this action. The City, by letter included as Attachment #4 to this report, outlines that it will honor the County's land use approvals for these projects and will assume responsibility for assurance of compliance with the County's conditions of approval reserving, however, the right to require compliance with City design standards and on-site improvement plans. The City's letter also indicates that if there are other projects not identified specifically, they will be treated in the same manner by City staff.

SERVICE ISSUES AND EFFECTS ON OTHER LEVELS OF GOVERNMENT:

The City of San Bernardino has provided a "Plan for Service" for this proposal as required by law and as modified by Commission policy. A copy of the Plan is included as part of Attachment #2 to this report. Highlights of the Plan and related information include the following:

- Sewage collection services are currently provided within the areas by the East Valley Water District. No change in this service will take place on the basis of the reorganization.
- Water service is provided to the island areas by the East Valley Water District. No change in this service will take place on the basis of the reorganization.
- Law enforcement responsibilities will shift from the County Sheriff's Department, which operates out of the downtown Sheriff facility, to the City of San Bernardino Police Department. The City indicates that its Police Department will absorb this territory into its existing beat system surrounding the areas. However, the letter from the City Manager, dated November 1, 2006 clarifies that public safety personnel will be needed to provide service to the islands, but that the four personnel will be added upon completion of the annexation of all twelve islands. The financing of this service will be through the ad valorem property tax received by the City from within the reorganization area as well as Motor Vehicle In-Lieu and revenues from the passage of AB 1602 (\$50 per capita backfill funding for annexations completed after 2004).

- Solid waste services are currently provided within the reorganization area by Jack's Disposal which charges \$44.22 every two months for its services (waste, yard waste and recyclables). Pursuant to City policy, residents of newly-annexed areas may continue to use their current refuse hauler for up to five years. Residents may choose to transition at any time during this period. The City's current residential rate is \$19.86 per month for once-a-week pick up and includes the provision of containers for normal, recyclable and green waste. Commercial rates vary depending on the type and frequency of pick up.
- Fire protection services are currently the responsibility of CSA 38 and its Improvement Zone L for paramedic service. However, the County has contracted with the City of San Bernardino since 1998 to provide fire protection and paramedic services within the seven (7) large unincorporated islands in the City's sphere of influence which are a part of CSA 38, which includes the territory of LAFCO 3067.

In addition, paramedic service is funded through a special tax associated with CSA 38 Improvement Zone L. Upon reorganization (including detachment of this area from CSA 38 and its Improvement Zone L), this service will officially transition to the responsibility of the City of San Bernardino Fire Department. As a condition of approval, the staff is recommending that the City succeed to the special tax imposed by CSA 38 Improvement Zone L for future funding of paramedic services. Currently the rate charged is: \$19 per dwelling unit (charges are assessed by number of units for apartments/multi family dwellings) and \$38 for commercial properties.

- Streetlights are currently funded in the area through CSA SL-1 within this area. The Plan for Service indicates that this service will transition to the City and it will assume payment for lighting costs. In compliance with existing Commission policy, a condition of approval has been included which requires documentation of the transfer of this responsibility through verification of lighting facilities to be transferred and requiring the submission by the City of a signed form authorizing the transfer upon completion of the reorganization. There are an estimated 58 lights to be transferred and it is estimated that the annual cost of operation is \$5,800 (approximately \$100 per year energy costs). The property tax transfer from CSA SL-1 to the City is \$7,130, which exceeds the estimated cost of continuing this service.

As required by Commission policy and State law, the Plan for Service submitted by the City of San Bernardino shows that the extension of its services will maintain, and/or exceed, current service levels provided through the County.

The territory of LAFCO 3067 within Islands 4, 5, and 6, is included in the Inland Valley Development Authority (hereinafter IVDA), the redevelopment agency for the San

Bernardino International Airport (former Norton Air Force Base facility). The annexation of the territory within LAFCO 3067 to the City of San Bernardino has no effect on this agency as it is regional in nature. However, staff has requested clarification from the County Auditor/Controller-Recorder's Property Tax Division regarding the effect of the annexation on the distribution of the Redevelopment Agency revenues. Property Tax Division staff have indicated that the existing pass-through agreements between the City of San Bernardino and the IVDA will be applied to this proposal, so that a share of the property tax increment from the area will be provided to the City along with the frozen property tax base being transferred as a function of this reorganization.

ENVIRONMENTAL CONSIDERATIONS:

The Commission's Environmental Consultant, Tom Dodson and Associates, has reviewed this proposal and has indicated that it is his recommendation that the reorganization to include these island annexations is statutorily exempt from the California Environmental Quality Act (CEQA). This determination is based on the fact that the Commission has no discretion in its review of this proposal and must approve the project. Such a "ministerial action" is exempt from environmental review pursuant to Section 15268 of the State CEQA Guidelines. A copy of Mr. Dodson's analysis is included as Attachment #5 to this report. It is recommended that the Commission adopt the Statutory Exemption for this proposal and direct the Clerk of the Commission to file a Notice of Exemption with the appropriate agency within five days.

FINDINGS:

The following findings are required to be provided by Commission policy and Government Code Section 56668 for all proposals considered:

1. The Registrar of Voters Office has determined that the study areas are legally inhabited, containing a combined 501 registered voters as of August 15, 2006. Each individual island is identified below:

Area 1	315 Voters	Area 4	28 Voters
Area 2	60 Voters	Area 5	9 Voters
Area 3	44 Voters	Area 6	45 Voters

2. The study area is within the sphere of influence assigned the City of San Bernardino.
3. The County Assessor's Office has determined that the assessed valuation of land and improvements for the combined areas is \$47,641,399 (\$11,581,801 land; \$36,059,598 improvements). The values by individual island are identified as follows:

Island Identification	Land Value	Improvement Value	Total Value
Area 1 (as modified)	\$7,806,285	\$23,560,645	\$31,366,930
Area 2	\$1,416,771	\$4,661,440	\$6,078,211
Area 3	\$709,438	\$2,389,298	\$3,098,736
Area 4 (as modified)	\$494,835	\$1,620,975	\$2,115,810
Area 5	\$923,890	\$2,910,808	\$3,834,698
Area 6	\$230,582	\$916,432	\$1,147,014

4. Legal advertisement of the Commission's consideration has been provided through publication in *The Sun*, a newspaper of general circulation within the study area. As required by State law, individual notification was provided to affected and interested agencies, County departments and those agencies and individuals requesting mailed notice.

5. All notices required by State law and local Commission policies have been provided. Individual notice has been provided to registered voters and landowners within the reorganization area (totaling 799), and to all voters and landowners located within roughly 1,350 feet of the exterior boundaries of the reorganization area, divided into northern region (2,201) and southern region (1,461). Comments from landowners, registered voters, and any affected local agency have been reviewed and considered by the Commission in making its determination. To date verbal expression of opposition has been received in the LAFCO staff office; however, no written opposition to this reorganization or the island annexation provisions has been received. This determination will be updated at the hearing.

6. The City of San Bernardino pre-zoned its sphere of influence in May, 1991, when it consolidated its General Plan Land Use Map and Zoning Map. These land use determinations were carried forward with the adoption of the City's Updated General Plan in November 2005. The land use designations to be applied to these areas upon annexation include the following: "RS" residential suburban single-family residential allowing for up to 4.5 dwelling units per gross acre, "RL" residential low single-family residential allowing for 3.1 dwelling units per acre and "RU-1" residential urban multi-family residential allowing for up to 9 dwelling units per acre (7,200 sq. ft. minimum lot size, 5,200 sq. ft. within a planned unit development).

Pursuant to the provisions of Government Code Section 56375(e), these zoning designations shall remain in effect for two years following reorganization unless specific actions are taken by the City Council at a public hearing.

7. The Commission's Environmental Consultant, Tom Dodson and Associates, has indicated that the review of this island reorganization is statutorily exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the finding that the Commission's approval of this application is ministerial, in that based upon the findings required by Government Code Section 56375(a), the Commission has no discretion in its action on the proposal other than approval. Therefore, a Statutory Exemption as authorized under Section 15268 of the State CEQA Guidelines is appropriate. A copy of Mr. Dodson's response is included for the Commission's review as Attachment #5 to this report.
8. Upon completion of the reorganization, the City of San Bernardino will extend its services as required by the existing and anticipated land use. The City has submitted a "Plan for Service" as required by law which indicates that revenues are anticipated to be sufficient to provide the level of services identified by the City for such items as law enforcement, fire protection, planning, street maintenance, etc. The Plan notes that no additional personnel would be required for provision of law enforcement services and other services to the reorganization area upon annexation; however, additional public safety employees will be required upon completion of the twelve island areas proposed by the City in response to directives of the Commission.

Water and sewer service to this area is currently provided by the East Valley Water District and will not be changed following this reorganization.

The City of San Bernardino has indicated in its application and Plan for Service that its 7.93% utility tax will not be extended to these areas upon reorganization, and staff has included a condition in its recommendation for approval that indicates that the utility tax will not be applied to the island annexation areas.

The existing special tax authorized for CSA 38 Improvement Zone L (paramedics) will be transferred to the City of San Bernardino upon completion of its detachment as the successor to this service. This special tax, authorized by the voters within CSA 38 Improvement Zone L, will be required to be identified on behalf of and transferred to the City Fire Department for the provision of paramedic service in future fiscal years.

The Property Tax Division of the County Auditor/Controller-Recorder's office has indicated that the existing pass-through agreements related to the Inland Valley Development Agency and City of San Bernardino shall apply to this area upon completion of the reorganization.

9. The area in question is presently served by the following public agencies:

County of San Bernardino
Inland Empire Resource Conservation District
East Valley Water District
San Bernardino Valley Municipal Water District
San Bernardino Valley Water Conservation District
CSA SL-1
CSA 38 and its Improvement Zone L
CSA 70
Inland Valley Development Agency (portion of area - Islands 4, 5, and 6)

CSA SL-1, CSA 38, CSA 38 Improvement Zone L, and CSA 70 will be detached from the area upon successful completion of the reorganization as required by Government Code Section 25210.90. None of the other agencies will be directly affected by the completion of this proposal through an adjustment in their boundaries as they are regional in nature.

10. The reorganization proposal complies with Commission policies and directives and State law that indicate the preference for all island areas to be included within the boundaries of the City surrounding them to provide for a more efficient and effective service delivery system.
11. The study area can benefit from the availability of municipal-level services from the City of San Bernardino.
12. This proposal will have minimal effect on the City of San Bernardino's ability to achieve its fair share of the regional housing needs as it is primarily built-out residential uses. The undeveloped residential lands represent less than 7% of the total territory within the reorganization.
13. The County of San Bernardino and the City of San Bernardino have successfully negotiated a transfer of property tax revenues that will take effect upon completion of this reorganization. This negotiated agreement fulfills the requirements of Section 99 of the Revenue and Taxation Code. Renegotiation of the property tax transfer will be required due to the modification to expand the boundaries of Islands #1 and #4. This process is outlined in Revenue and Taxation Code Section 99(b) (7).
14. The map and legal description, as revised, are in substantial compliance with LAFCO and State standards through certification by the County Surveyor's Office.

CONCLUSION:

It is the staff's position that LAFCO 3067 is a ministerial action, one which the Commission is required to approve. This position is based on the requirements set forth in Government Code Section 56375(a) that state "a Commission shall not have the power to disapprove an annexation to a city, initiated by resolution, of contiguous territory that is ... (1) surrounded or substantially surrounded by the city to which annexation is proposed." In addition, it is the staff's position that if the Commission makes the mandatory determinations outlined in Section 56375.3 and its supplemental policies, no protest will be allowed. We believe that those findings are easily made in this case as outlined in the staff report:

- The six (6) annexation areas individually are less than 150 acres each, meeting the defined statutory threshold of less than the 150 acres;
- Each area is substantially surrounded by City boundaries as defined by Commission policy and State law;
- Each area is within the City of San Bernardino sphere of influence;
- Each is substantially developed or developing;
- None contains prime agricultural land as defined by LAFCO statutes; and,
- Each has benefited and/or can benefit from the availability of municipal services from the City of San Bernardino.

Approval of this proposal will provide a clear delineation of law enforcement responsibility; it will solidify the provision of fire protection and paramedic service with the agency currently providing it and that agency will receive the property tax and special tax revenues and growth in value for those services; and it will define the responsible agency to turn to for needed road improvements. Approval of this proposal addresses the needs for service delivery now and in the future.

For all the reasons outlined above, and throughout the staff report, LAFCO staff recommends approval of LAFCO 3067. If the Commission concurs with the staff determinations related to the statutorily required factors, then it is required to approve this proposal, regardless of any protest that might be submitted for this item

KRM

Attachments:

- 1 -- Maps -- Vicinity and Location
- 2 -- City of San Bernardino Application:
 - City Resolution No. 2006-247 Initiating Annexation No. 361
 - Justification for Proposal Form

- Supplement Form for Annexations
 - Plan for Service
 - City Letter Dated November 1, 2006 Providing Additions to the Plan for Service
 - City of San Bernardino Council Item Dated September 25, 2006 Related to Filing Additional Island Annexations
- 3 -- Government Code Sections 56375(a) and 56375.3
- 4 -- Letter Dated November 3, 2006 from City of San Bernardino Development Services Department
- 5 -- Letter from Tom Dodson and Associates
- 6 -- Draft Resolution No. 2948