

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

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PROPOSAL NO.: LAFCO 3134

HEARING DATE: FEBRUARY 17, 2010

RESOLUTION NO. 3085

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3134 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE TOWN OF YUCCA VALLEY (affirmation of existing sphere of influence).

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

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

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

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

WHEREAS, a public hearing by this Commission was called for February 17, 2010 at the time and place specified in the notice of public hearing and in any order or orders continuing the hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all plans and proposed changes of organization, objections and evidence which were made, presented, or filed; it received evidence as to whether the territory is inhabited or uninhabited, improved or unimproved; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, in evidence presented at the hearing;

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that this service review and sphere of influence update are statutorily exempt from CEQA and such exemption was adopted by this Commission on February 17, 2010. The Executive Officer was directed to file a Notice of Exemption within five working days of its adoption;

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WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence shall be affirmed for the Town of Yucca Valley (hereafter shown as the Town) as coterminous with its boundaries as depicted on the map attached hereto as Exhibit "A";

WHEREAS, the determinations required by Government Code Section 56430 and local Commission policy are included in the report prepared and submitted to the Commission dated February 10, 2010 and received and filed by the Commission on February 17, 2010, a complete copy of which is on file in the LAFCO office. The determinations of the Commission are:

1. Growth and population projections for the affected area:

According to the State Department of Finance, in 2000 the Town had a population of 16,865 and had an estimated population of 21,239 in January 2009. This increase of 26% places Yucca Valley as the 83rd fastest growing city within the State (top twenty percent) and 8th fastest in the County in terms of percentage increase. As of October 2008, there were 10,220 registered voters within the Town. The annual population since 2000 is shown below:

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
16,865	17,092	17,555	18,018	18,765	19,695	20,470	20,949	21,136	21,239

The Town's population projections, developed using the 2008 Southern California Association of Government (SCAG) Growth Forecast, are listed in five-year increments, shown in the chart below. However, these projections may not reflect the full extent of the current economic conditions.

2010	2015	2020	2025	2030
23,415	26,514	29,403	32,207	34,903

The Town's 1995 General Plan describes the Town as a primarily rural residential community. Although the General Plan provides for a wide range of housing options, up to 14 units per acre, the majority of the development has been single family housing units. The build-out population within the Town's boundaries is estimated to be 62,223 based on the land use designations. However, the Town is not anticipated to reach its build-out population by the 2030 horizon of this report.

Development within the Town increased during the recent housing boom, peaking in 2005, and has slowed markedly since. The Town states that the majority of the single family residences constructed in the past two years have been infill and that the lack of a regionalized sewer system continues to hamper some areas of commercial growth. Commercial development in the Town is not anticipated to be significant due to the directive from the Colorado River Basin Regional Water Quality Control Board to plan and construct a sewage collection and treatment system in order to control nitrate contamination. The Town Council has committed its support to the Hi-Desert Water District, the responsible agency for the planned wastewater treatment facility, in whatever capacity the District would desire. The table shows the single-family-residential permit activity from FY 1999-00 to FY 2008-09.

Year	SFR Permits	Year	SFR Permits
1999-00	54	2004-05	384
2000-01	82	2005-06	244
2001-02	118	2006-07	99
2002-03	188	2007-08	36
2003-04	351	2008-09	7

Source: FY 2008-09 Comprehensive Annual Financial Report

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One project of significance is a proposed Wal-Mart Supercenter anticipated for location at the southeast corner of Avalon Avenue and Highway 62, adjacent to the existing Home Depot. The Town Council approved the project on June 25, 2008. However, the project, along with two other Wal-Mart Supercenter projects in Southern California, is undergoing litigation. Therefore, the construction is on-hold until resolution occurs. The existing Wal-Mart located roughly 1.5 miles west on Highway 62 adjacent to the Yucca Valley Airport will close and a new tenant will occupy the space upon the project's completion.

Foreclosure activity has affected the nation in general and the Town of Yucca Valley is no exception. According to data obtained from staff of the County of San Bernardino Assessor's Office, from 2004 to 2006 the Town had 38 foreclosures. The number rose sharply to 108 in 2007 and escalated to 299 in 2008. For 2009 through mid-July the number is 149. Since 2004, the total number of foreclosures has been 594. For the purposes of generally representing the extent of the foreclosure activity, the Town's service review submission identifies that there were 9,574 household units within the Town in 2008. The foreclosure of 594 homes represents 6.2% of the household units within the City has been in foreclosure since 2004. Therefore, given the current economic conditions and development activity, the Town is not likely to experience the expansive growth that it experienced from 2004 to 2007. Nonetheless, the long-term population trend remains – the Town is projected to experience growth through 2035 at a rate of roughly 2.0% annually.

The Town has one redevelopment project area that is comprised of two sub-areas totaling 2,358 acres created as a result of the 1993 Landers earthquake. The redevelopment project area generally contains all of the developable non-residential land in the Town. The first subarea is the East End Redevelopment Project containing 926 acres. The second subarea is the Downtown Project area containing 1,432 acres. Additionally, the Town General Plan was adopted December 14, 1995 with the latest Housing Element submitted to the State in September 2009 and accepted in compliance with State law in October 2009.

Any future projects will increase the need for municipal services within the Town's existing boundaries as well as within the surrounding unincorporated territory. However, the single most tangible factor that could limit growth will be the availability of water.

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

The Town is classified as a "contract city". This term is defined for the State of California as a city which has a contract with another agency or private organization for the provision of various governmental services. Such cities provide many of the basic services (i.e. law enforcement, engineering, libraries, and park) through contracts with outside entities with the contract specifying the levels of service to be provided and the financial compensation for the service. Most cities in California which incorporated from the 1980s on did so as contract cities as a cost savings measure.

As a municipality, the Town is responsible for law enforcement within its boundaries and has chosen to contract with the County for law enforcement services tailored to its needs and financial resources. The Town is within the boundaries of the San Bernardino County Fire Protection District which provides fire protection and emergency medical response services. The Town is also within the Hi-Desert Water District which provides retail water service and is anticipated to provide sewer collection and treatment in the future. There currently is no organized municipal sewage collection system or wastewater treatment facility within the Town. On-site septic systems have been

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historically utilized by residences and businesses throughout the Town. For information on water and sewer collection, see the Water Discussion section and Hi-Desert Water District section of this report. The Town provides some services directly within its limits which include animal control and park and recreation services.

Police

The Town contracts with the County Sheriff to provide law enforcement services within the Town and has done so since its incorporation. The contract is annually renewed, will expire June 30, 2010, and can include annual increases in payment. The Sheriff's Department provides the Town with full service law enforcement, traffic services, investigations, and a wide variety of safety services. In FY 2008-09, the contracted cost was \$3.2 million paid from the Town's general fund.

The town police force currently consists of 11 patrol deputies (equates to one per 1,930 residents), one juvenile officer, one detective, two sergeants, one lieutenant, one police safety specialist and two station clerks. The Town's documents further state that it has been working to fund more deputies in the service contract, but no details were provided for this goal. The Yucca Valley station is located in the Town and does not have a holding cell; therefore, detainees are transported to the substations located in Joshua Tree. According to the *Municipal Service Review* document, the Joshua Tree substation has 21 deputies, or one per 1,105 residents in its unincorporated service area. The *Public Facilities Master Plan* identifies that existing police office space is insufficient and recommends the development of a new facility to house both fire and police to be located at the proposed new town hall complex.

Fire

Fire protection services were provided by the former board-governed Yucca Valley Fire Protection District until July 1, 2008, the effective date of the County Fire Reorganization. Since then, fire protection services are provided by the board-governed San Bernardino County Fire Protection District and its South Desert Service Zone. Administrative offices for the South Desert Service Zone remain within the Town. The nearest County Fire station is Station 121 located along Highway 62 at 57201 Twentynine Palms Highway. This station is staffed with five full-time firefighters and paramedics, supplemented by paid-call firefighters. According to County Fire's website, Station 121 houses a single Type I engine company, one Type III engine, two paramedic ambulances, and one water tender. Additional support comes from Station 36 in Joshua Tree (full-time and paid call), Station 122 in Yucca Mesa (paid-call), and Station 38 in Pioneertown (paid-call). Response times to the western portion of the Town are above the County's seven minute target response time. The *Public Facilities Master Plan* recommends four additional stations (three within the current boundaries and one in the Yucca Mesa area). The Town states that it intends to partner with County Fire to construct the new stations. No funding details were provided as a part of the Town's submission regarding new fire stations.

The South Desert Service Zone of County Fire has automatic and/or mutual aid agreements with the California Department of Forestry and Fire Protection - Station 14; National Park Service - Black Rock Interagency Fire Center; Twentynine Palms Water District; Marine Corps Air/Ground Combat Training Center - Combat Center Fire Department; and the Morongo Valley Community Services District.

Park and Recreation

Park and recreation services include parks, Community Center, Senior Center, recreational programs administered by the Town such as youth and senior programs, and the Hi-Desert Nature

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Museum operations and programs. When the Yucca Valley Recreation and Park District was dissolved in 1993, the dissolution required the Town to continue providing the same level of service to the former park district area. The Town provides recreational services to those within its boundaries and to outside residents with no difference in fees.

The Town owns and operates eight parks totaling 174 acres and a community center comprising 11,922 square feet. Forty-five of the 175 acres are currently developed. These eight parks are the Community Center Park, Hi-Desert Park, Machris Park, Paradise Park, Triangle Park, North Park, South Park, and Sunnyslope Park. Additionally, the Town has cooperative agreements to share and coordinate uses at facilities owned by: the Bureau of Land Management, Morongo Unified School District, and San Bernardino County Flood Control District. Within the past two years, the Town received Community Development Block Grants for completion of the Jacobs Park tennis court and ball wall project, coordination of the local Boys and Girls Club Teen Center improvement, ball field lighting and an electronic sign at the Yucca Valley Community Center. The Town's *Parks and Recreation Master Plan Update* indicates that some of the park facilities require improvement to comply with the Americans with Disabilities Act. The *Plan* recommends a regional park in the northern portion of the Town to be constructed and used in conjunction with the County, a community park in Yucca Mesa, and a new sports park in the eastern portion of the Town.

Pursuant to the Quimby Act, a minimum of three acres per thousand population should be dedicated for recreational and/or open space purposes. The Town has 174 acres for recreational and/or open space purposes with an estimated population of 21,239 in 2009. Based on the Quimby Act ratio, the community should have a minimum of 63 acres. Additionally, the Town General Plan has established a standard of five acres of developed parkland per thousand population. At 45 acres of developed parkland, the Town does not meet this standard.

The Community Center was constructed in 1970, when the population of Yucca Valley was 6,000. The Community Center is owned and operated by the Town. The Community Center also houses the office space for the Town Community Services Department. The total area is 11,922 square feet, with the majority available for rental.

The Senior Center is located adjacent to the Community Center at the Town Hall complex. The Senior Center land and building is owned by the Town, the Town operates most of the programs, and the County runs the meal program. The Senior Center does not have as much space and programs as other senior centers (some services are provided through the Community Center), but it does have a lounge area, a dining room, and kitchen. The Senior Center serves five meals per week and approximately 14,000 meals per month through on-site meals and meals on wheels. According to the *Public Facilities Master Plan*, the community would like to have a Senior Center with a larger lounge and game rooms.

Animal Control

In partnership with the County, the Town provides animal control and care. Pursuant to the agreement, the Town provides animal control services within its boundaries, and the County provides animal control services to the unincorporated areas of the County in proximity to the Town. As for animal care, both the Town and the County utilize the Town-operated animal shelter, and each contributes 50% of the shelter's costs. The joint powers agreement was signed by the Town on November 13, 2008 and approved by the Board of Supervisors on November 18, 2008 (copy on-file at the LAFCO staff office). The shelter is adequate for its current use, but the *Public Facilities Master Plan* recommends expansion of the animal shelter in order to expand service to nearby communities.

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Library

Library services are a function and responsibility of the County, and the County receives a share of the one percent ad valorem property tax for provision of this service. The Town supports this service by leasing the land and the building for the library to the County at a rate of \$24,000 per year (copy of contract on-file at the LAFCO office). The contract was approved in 2003, has been renewed bi-annually and will expire December 31, 2011. According to the *Public Facilities Master Plan*, the building is close to capacity and additional space is needed in the future.

Roads

The Town is the responsible entity to provide road maintenance services within its boundaries. Exceptions include State Highways 62 (Twentynine Palms Highway) and 247 (Old Woman Springs Road) which are maintained by Caltrans. The Town maintains 168.3 miles of paved roads within its boundaries. Since 2005, the Town has resurfaced approximately 11 miles of existing roads and paved an additional 17 miles. All of the traffic signals are maintained by Caltrans. The Town has two significant road construction commitments as follows:

- Highway 62 Apache to Palm Avenue Rehabilitation – Project budget of \$1,581,000. As of June 30, 2009, \$141,250 has been spent on the project.
- Highway 62 Old Town Realignment – Project budget of \$1,246,263. As of June 30, 2009, \$13,800 has been spent on the project.

Spanning across several communities of the South and North Desert, State Highway 247 originates at Highway 62 in Yucca Valley, continues through Lucerne Valley, and terminates in Barstow. Also spanning across several communities in the South Desert, Highway 62 (Twentynine Palms Highway) originates at Interstate 10 in Riverside County, continues through Yucca Valley and Twentynine Palms, and terminates at Arizona State Route 95 in Parker, Arizona. From the San Bernardino County line to the east end of the Town, Highway 62 is considered a four-lane conventional road; the Town's 1995 General Plan anticipates it becoming a six-lane highway. For 2007, the intersection of Highway 247 and Highway 62 is estimated to have had an average daily traffic volume ranging between 12,000 and 13,000 with peaks climbing to 1,100 per hour. Of the average daily traffic volume, trucks represent 1,068, or 8.9 percent of vehicles. In relation to other travel corridors in the county, the total vehicle volume and truck volume is low to moderate for state highways that intersect in a community center.

The goals of the Circulation Element of the Town of Yucca Valley General Plan from 1995 was developed to provide adequate capacity to accommodate the travel demands of the Land Use Element as well as to preserve the quality of life in Yucca Valley. To help fund the goals of the General Plan, in 1999 the Town received special legislation (AB 1371) for the Town to levy a transaction and use tax for purposes of funding transportation and parks, subject to 2/3 approval of the voters. However, Town representatives have indicated that the Town has not considered utilizing this provision to date; thus, the Town Council has not officially considered placing this issue to a vote of the electorate.

Drainage and Flood Control

From 2000 to 2005, there was discussion between the County and the Town regarding the responsibility for drainage easements offered to the County (not to include County Flood Control District easements) prior to the Town's incorporation. The position of the County has been that the

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drainage easements transferred to the Town upon its incorporation. The County's position is supported by Attorney General Opinion No. 62-267 (1963) which states, "There is no logical difference between easements for highway or street purposes and easements for local drainage facilities in which the County retains no actual governmental interest upon annexation of the territory." Therefore, when the Town incorporated, all of the County drainage easements transferred to the Town and the Town became responsible for drainage within its boundaries. According to staff at the County of San Bernardino Department of Public Works, since the early 2000s the County has not maintained these easements and there has been no further correspondence between the County and the Town regarding this matter.

The Town adopted its *Master Plan of Drainage* in partnership with the County Transportation Department and Flood Control District in 1999. According to the Town, the Town and County continue to coordinate on regional flood control facilities. The Town does not have storm water management or flood control facilities. However, the County maintains several flood control channels in the town. Currently, the Town and County Flood Control District are working with the Army Corps of Engineers on planning improvements for the Long Canyon Channel.

The natural and planned backbone drainage for the Town is Yucca Creek Wash, extending from and including the Water Canyon drainage. The Town's focus of development has occurred along State Highway 62, which is the flattest portion of the basin and also the focus of area-wide drainage. Yucca Creek receives runoff from all of the major drainage passing through the Town. Yucca Creek and the mouth of its tributaries generally define the limits of that area of Town mapped by FEMA. The FEMA flood maps can be found in the Town's 1995 General Plan in the Flooding and Hydrology Element (copy available at the LAFCO staff office). The FEMA maps for the Town designate a substantial portion of the commercial corridor within the 100-year flood plain (Zone A), which extends west of and includes Water Canyon, industrial and residential lands east of the Blue Skies Golf Course, the Yucca Valley Airport and surrounding lands, and the Highway 62 commercial area, east of Vons shopping center.

Facilities

The Town completed and approved its *Public Facilities Master Plan* in 2007 and *Parks and Recreation Master Plan Update* in 2008. These documents are being used to plan for the future needs for streets and highways, parks, and other public facilities. Due to a lack of space to accommodate growth, the *Public Facilities Master Plan* includes the construction of a new town hall to be located in the Old Town portion of the Town. The new town hall is anticipated to house the police and fire stations, museum, library, California Welcome Center, general governance services, and the community development staff that are currently located in the southeast portion of the Town. Additionally, the *Plan* noted:

- The Yucca Valley Branch Library is inadequate to meet the current needs of its operational requirements. It lacks sufficient space to accommodate the existing programs, some staff lack office space and work areas and the noise level at the library is generally higher than desired.
- The Hi-Desert Nature Museum also lacks enough space to accommodate the storage and exhibit requirements as well as staff office areas and necessary staff amenities.
- The animal shelter facility is old and most of the amenities need to be upgraded and expanded to meet the municipal level standards.
- The number of fire stations serving the town and their current location is not enough to meet the required response time of seven minutes.

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The *Plan* concluded the following facilities as necessary for the Town to provide services to the community:

- Town hall facility with Fire Department Office and Police station within the same complex
- Public Works Facility Yard that is separate from the Town Hall, away from residential area
- New library and museum in the Old Town
- New animal shelter, away from residential area
- New Fire Stations
- Police substations
- Relocation of the California Welcome Center to the Old Town

3. Financial ability of agencies to provide services:

The Town has provided the most recent audits accepted by the Town, current budget, and bond information. LAFCO has also obtained financial and tax data from California State Controller reports for cities and redevelopment agencies.

For the last two audit years (FY 2007-08 and FY 2008-09), total revenues earned by the Town exceeded the total costs incurred to provide government services by \$2.9 million and \$0.2 million, respectively. This trend of decreasing net revenues over expenditures continues as sales and property tax receipts are declining in the current fiscal year and anticipated for the next year. As a result, the Town has made operational changes in 2009 which reduced staffing by 20% and deferred some capital spending. With this sharp reduction in staffing, some service levels can be anticipated to decrease. On the positive side, the Town has a healthy reserve and minimal debt obligations in comparison with other cities in the county.

Funds

The Town has four major funds:

- General Fund – This is the primary operating fund of the Town. At the end of FY 2008-09, the unreserved fund balance of the general fund was \$6.1 million, comprising the majority of the total fund balance of \$6.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 62% of the total general fund expenditures, while total fund balance represents 66% of that same amount. General fund revenues exceeded expenditures by a moderate amount of \$353,929.
- Redevelopment Agency Capital Projects Fund – This fund is for capital projects funded through the redevelopment agency. At the end of FY 2008-09, there was a fund balance of \$6.9 million, related to revenue received from bond proceeds from the 2008 tax allocation bonds. The balance is restricted for use on qualified redevelopment agency projects within the redevelopment project area.
- Redevelopment Debt Service Fund – This fund is to repay the bonded indebtedness of the redevelopment bonds. At the end of FY 2008-09, the fund had a balance of \$4.1 million, all of which is legally restricted by law and debt covenants for redevelopment debt service transactions of the Town's redevelopment agency.

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- Community Development Block Grant Funds – This fund is for projects for which funds were gained from CDBG funds. It should be noted that FY 2008-09 is the first year for this fund. At the end of FY 2008-09, the fund had a balance of -\$57,898, representing outstanding commitments to other funds. The Town states that is negative balance is temporary, and will be positive in the next reporting year.

Fund Balance, Reserves, and Net Assets

For the last two audit years (FY 2007-08 and FY 2008-09), total revenues earned by the Town exceeded the total costs. However, the net revenue decreased from \$2.9 million to \$0.2 million, respectively.

The current Town policy is to have 39% in reserves. For FY 2008-09, the Town projected a year-end total reserve balance of \$5.51 million, representing 42% of expenditures. Of this amount, \$4.28 million is listed as undesignated reserves. Given this figure, the Town has a relatively healthy reserve. Additionally, at the end of FY 2008-09, total investments totaled \$26.6 million.

For FY 2007-08, net assets increased by 9.6%, from \$30.5 million to \$33.4 million and for FY 2008-09 increased 15.2% to \$38.5 million. However, it should be noted that much of the net increases resulted from a decrease in the Town's public works and community development expenditures. The combined decrease in year over year spending in these two functional areas totaled \$3.4 million, and was a reflection of both operational changes as well as capital spending deferrals.

Revenues

The primary sources of revenue are sales and use tax, property tax, and vehicle license fee revenues from the state. The Town states that unless a bond measure is put before the voters for increased or additional services, revenue sources are not expected to expand.

For FY 2008-09, sales tax decreased by roughly six percent. This reduction reflects a decrease in the retail sector, particularly auto sales, with a correlation related to a decrease in disposal income due to an increase in unemployment from 5.6% in 2007 to 13.0% in 2009.

On average per tax rate area, the Town's share of the one percent ad valorem property tax levy is 16.5%. For FY 2007-08, the property taxes levied and collected were \$5.40 million. The figure increased nominally to \$5.48 million for FY 2008-09. Relative to other cities in the county, the Town property taxes collected increased, rather than decreased. The Town anticipates property taxes to decrease for FY 2009-10 as assessment values are adjusted, and that this decline in revenue will have a significant impact on its ability to provide current levels of service without offsetting increases in revenue. Without such increases, it is likely that service levels will be reduced to match available revenues. A review of the FY 2009-10 County Assessment Roll shows that the Town's roll is anticipated to decrease 8.8%. This is a greater decrease than the county incorporated city average of 6.5%. According to Town representatives, property values of cities with a more rural character tend to increase slower and decrease faster in comparison to urban cities due to fewer insulating factors and smaller and less diverse economies.

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Expenditures

For FY 2009-10, the major expenditures categories are Personnel Services (\$3.61 million), contract safety (\$3.14 million), and Operating Supplies and Services (\$2.18 million). The largest functions of services are police services (contracted with the County Sheriff), community development, community services, and public works.

Due to a decrease in revenues, the Town has implemented measures to decrease operating expenditures as a result of lower staffing costs. In 2008, the Town paid salaries and benefits for 85 persons reflecting regular, temporary, and seasonal employees, and council members. In 2009, the Town reduced staff by 20% by providing early retirements and voluntary resignations. The majority of the staffing reductions were to the public works and community services departments. According to Town staff, the Town did not backfill any positions that were vacated during the past year. With this reduction, service levels can be anticipated to decrease.

Long-term Debt

As of June 30, 2009, the Town had bonded debt and loans (excluding compensated absences and any deferred charges) outstanding of \$10.8 million comprised of:

- \$10,460,000 in tax allocation bonds. Interest ranging from 3.10% to 5.75%, matures 2038, refunding 1995 tax allocation and 2004 tax allocation bonds.
- \$171,632 in general obligation bonds. In July 1993, the San Bernardino Associated Governments (SANBAG) issued bonds, of which \$1,949,500 of the proceeds went to the Town. The bonds were refinanced in 2001 and the proceeds were used for street costs in accordance with Measure "I". The bonds mature March 1, 2010.
- \$180,401 in California Energy Commission Loans. The two loans mature in 2021 and 2024, with interest rates of 4.5% and 3.95%, respectively.

The amount of bonded debt per capita is a useful indicator of an agency's debt position. For FY 2008-09, the total outstanding bonded debt per capita is roughly \$500. Adding the debt per capita from the Hi-Desert Water District of \$425, the bonded debt per capita is a total of roughly \$925. In comparison with other cities in the county, this is relatively low amount.

The Town also has a note receivable for \$350,000 executed in February 2008 to the Hi-Desert Water District in order to aid the District in the construction and operation of a wastewater treatment and collection system. The interest on the note accrues at a daily rate using the PMIA Average Monthly Effective Yield as published by the State Treasurer's Office. The note is due in full on or before January 31, 2013 with interest.

Gann Limit (Appropriations Limit)

Under Article XIIB of the California Constitution (the GANN Spending Limitation Initiative), the Town is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules of

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other refund agreements. For the fiscal years ended June 30, 2008 and 2009, proceeds of taxes did not exceed appropriations.

Additional Financial Information

- The Town has received an award of financial reporting achievement by the Government Finance Officers Association of the United States and Canada for the past two audits conducted.
- The Town has been meeting its required 20% set aside to be recorded in the Low and Moderate Income Housing Fund.

4. Status of, and opportunities for, shared facilities:

The Town contracts with San Bernardino County for the shared use of the Town-owned animal shelter. In addition, a contract is in place with the County for a public library located at the Town Hall center and for the County Sheriff to provide police services from Town-owned property and facilities. The County also utilizes the Town-owned Yucca Valley Senior Center to operate its Senior Nutritional Program.

The Town has cooperative agreements to share and coordinate park and recreation uses at facilities owned by: the Bureau of Land Management, Morongo Unified School District, and San Bernardino County Flood Control District.

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

Local Government Structure and Community Service Needs

The Town of Yucca Valley is a general law city and operates under a council-manager form of government. The Town Council is made up of five members, who are elected at large to four-year staggered terms, and one of the council members is selected to service as mayor for one year. The position of mayor serves no executive role in town governance and is mainly ceremonial.

The Town Council also serves as the Board of Directors of the Yucca Valley Community Center Authority, Yucca Valley Redevelopment Agency, and Yucca Valley Financing Authority. Below is the composition of the current council, their positions, and terms of office:

Council Member	Title	Term
Chad Mayes	Mayor	2010
Lori Herbel	Mayor pro tem	2010
Bill Neeb	Council Member	2010
George Huntington	Council Member	2012
Frank Lukino	Council Member	2012

Town Council meets on the second and fourth Tuesdays of the month at 6:00pm at the Town Hall complex. The Town Council convenes joint or separate meetings as the Council or the respective board of directors as necessary. The public is invited to all open session meetings. The agenda is available to the public in the lobby of Town Hall, at the meeting, and online. The

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budget is approved by the Town Council at a public hearing, and financial reports are presented quarterly to the Town Council by the Finance Director.

In 2008, the Town paid salaries and benefits for 85 persons reflecting regular, temporary, and seasonal employees, and council members. In 2009, the Town reduced staff by 20% by providing early retirements and voluntary resignations. According to Town staff, the Town did not backfill any positions that were vacated during the past year. The current full time equivalent (FTE) is 55.25 positions and there are 9.0 FTE positions representing vacancies (does not include temporary staff and council).

Operational Efficiency

Operational efficiencies are realized through several joint agency practices, for example:

- Public Agency Risk Sharing Authority of California (PARSAC), a joint powers authority formed for the purpose of providing joint-protection coverage for general liability, employment practices, property insurance, and related risk management services. Currently, there are 37 members.
- California Public Employees Retirement System (PERS). The Town has contracted with PERS to provide retirement benefits for its employees. PERS is a public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries, and acts as a common investment and administrative agency for participating public entities within the state. A review of the Town's financial statements through FY 2008-09 indicates that the Town does not have a net pension obligation to PERS.
- The County and the Town realize efficiencies through the following:
 - The Town contracts with the County for the shared use of the Town-owned animal shelter.
 - A contract is in place with the County for a public library located at the Town Hall center and for the County Sheriff to provide police services from Town-owned property and facilities.
 - The County utilizes the Town-owned Yucca Valley Senior Center to operate its Senior Nutritional Program.
 - The Town and County continue to coordinate on regional flood control facilities.
- The Town has cooperative agreements to share and coordinate uses at facilities owned by: the Bureau of Land Management, Morongo Unified School District, and San Bernardino County Flood Control District.
- The Town Council has committed its support to the Hi-Desert Water District, the responsible agency for the planned wastewater treatment facility, in whatever capacity the District would desire.

The *Municipal Service Review* submitted by the Town, prepared by the Planning Center, compared the level of staffing of the Town and cities with similar populations in 2007 and that also were provided police and fire protection services by other agencies (Barstow and Loma Linda). The comparison shows that there was one position per 1,052 residents for the Town, one position per 802 residents for Loma Linda, and one position per 921 residents for Barstow.

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While the comparison shows that the Town has fewer employees per capita, the Commission points out that with the recent reduction of public works and community development employees at the Town, such a sharp reduction in employees lessens operating costs but could lead to decreased levels of service.

Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Service Agreements:

There are no out-of-agency service contracts on file with LAFCO. However, when the Yucca Valley Recreation and Park District was dissolved in 1993, the dissolution required the Town to continue providing the same level of service to the former park district area that is outside the Town's boundary. The Town provides recreational services to those within its boundaries and to outside residents with no difference in fees.

Government Structure Options:

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

- Expansion of boundaries. The Town, residents, or landowners could submit an application to expand the boundaries of the Town to the west or north to include the Pioneertown and/or Yucca Mesa areas, respectively. Such an application would be processed to include the dissolution of the County Service Area 70 improvement zones where appropriate with the Town identified as the successor agency. The Town would then be responsible for extending its services to the area, including continuing the services of the dissolved CSA 70 improvement zones. This option is viable, but unlikely at this time, due to the longstanding opposition of the Yucca Mesa and Pioneertown residents to inclusion within the Town. Further, the Town has not expressed a desire to explore an annexation.
- Hi-Desert Water District becoming a subsidiary district of the Town. In order for the Hi-Desert Water District to become a subsidiary district of the Town, at least 70% of registered voters in the District must reside in the Town and at least 70% of the District's territory must be within the boundaries of the Town.
 - Registered Voters – The Town and the District have indicated that the numbers of registered voters in their agencies are 10,220 and 11,697, respectively. At 87%, the District meets the threshold for registered voters within the boundaries of the Town.
 - The District encompasses approximately 56 square miles and approximately 32 square miles of the District is within the Town. At 57%, the District does not meet the threshold for territory within the boundaries of the Town.

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- Town becoming responsible for fire protection services. The Town is wholly within the boundaries of the San Bernardino County Fire Protection District and its South Desert Service Zone. In order for the Town to become the responsible entity for the full range of fire protection services, it would need to detach from County Fire and the South Desert Service Zone which would include the share of the one percent ad valorem property tax dedicated to fire protection transferring to the Town. An application for this organizational change would include a plan for services and a fiscal impact analysis outlining the effects on the Town and County Fire. Because a substantial amount of the South Desert Service Zone's share of revenue is derived from within the Town's boundaries, a detachment from County Fire and its South Desert Service Zone would be anticipated to have an adverse effect on the provision of service to the other areas of the South Desert Service Zone. For this reason, the Commission could not support such an option.

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

1. **Present and Planned Uses**

The Town's General Plan describes the Town as a primarily rural residential community. Although the General Plan provides for a wide range of housing options, up to 14 units per acre, the majority of the development has been single family residential.

Development within the Town increased during the recent housing boom, peaking in 2005, and has slowed markedly since. The Town states that the majority of the single family residences constructed in the past two years have been infill and that the lack of a regionalized sewer system continues to hamper some areas of commercial growth. Commercial development in the Town is not anticipated to be significant due to the directive from the Colorado River Basin Regional Water Quality Control Board to plan and construct a sewage collection and treatment system in order to control nitrate contamination.

Any future projects will increase the need for municipal services within the Town's existing boundaries as well as within the surrounding unincorporated territory. However, the single most tangible factor that could limit growth will be the availability of water.

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

The Town contracts with the County Sheriff to provide law enforcement services within the Town and has done so since its incorporation. The town police force currently consists of 11 patrol deputies, one juvenile officer, one detective, two sergeants, one lieutenant, one police safety specialist and two station clerks. The Town's documents state that it has been working to fund more deputies in the service contract, but no details were provided for this goal.

Fire protection services were provided by the former board-governed Yucca Valley Fire Protection District until July 1, 2008, the effective date of the County Fire Reorganization. Since then, fire protection services are provided by the board-governed San Bernardino County Fire Protection District and its South Desert Service Zone. Response times to the western portion of the Town are above the County's seven minute target response time, but service to the other portions of the town do not meet the seven minute target.

Park and recreation services include parks, Community Center, Senior Center, recreational programs administered by the Town such as youth and senior programs, and the Hi-Desert

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Nature Museum operations and programs. The Town owns and operates eight parks totaling 174 acres and a community center comprising 11,922 square feet.

With reduction in staffing of 20% in 2009, service levels provided directly by the Town could be anticipated to decrease.

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

The Town completed and approved its *Public Facilities Master Plan* in 2007 and *Parks and Recreation Master Plan Update* in 2008. These documents are being used to plan for the future needs for streets and highways, parks, and other public facilities. Due to a lack of space to accommodate growth, the *Public Facilities Master Plan* includes the construction of a new town hall to be located in the Old Town portion of the Town. The new town hall is anticipated to house the police and fire stations, museum, library, California Welcome Center, general governance services, and the community development staff that are currently located in the southeast portion of the Town. Additionally, the *Plan* noted:

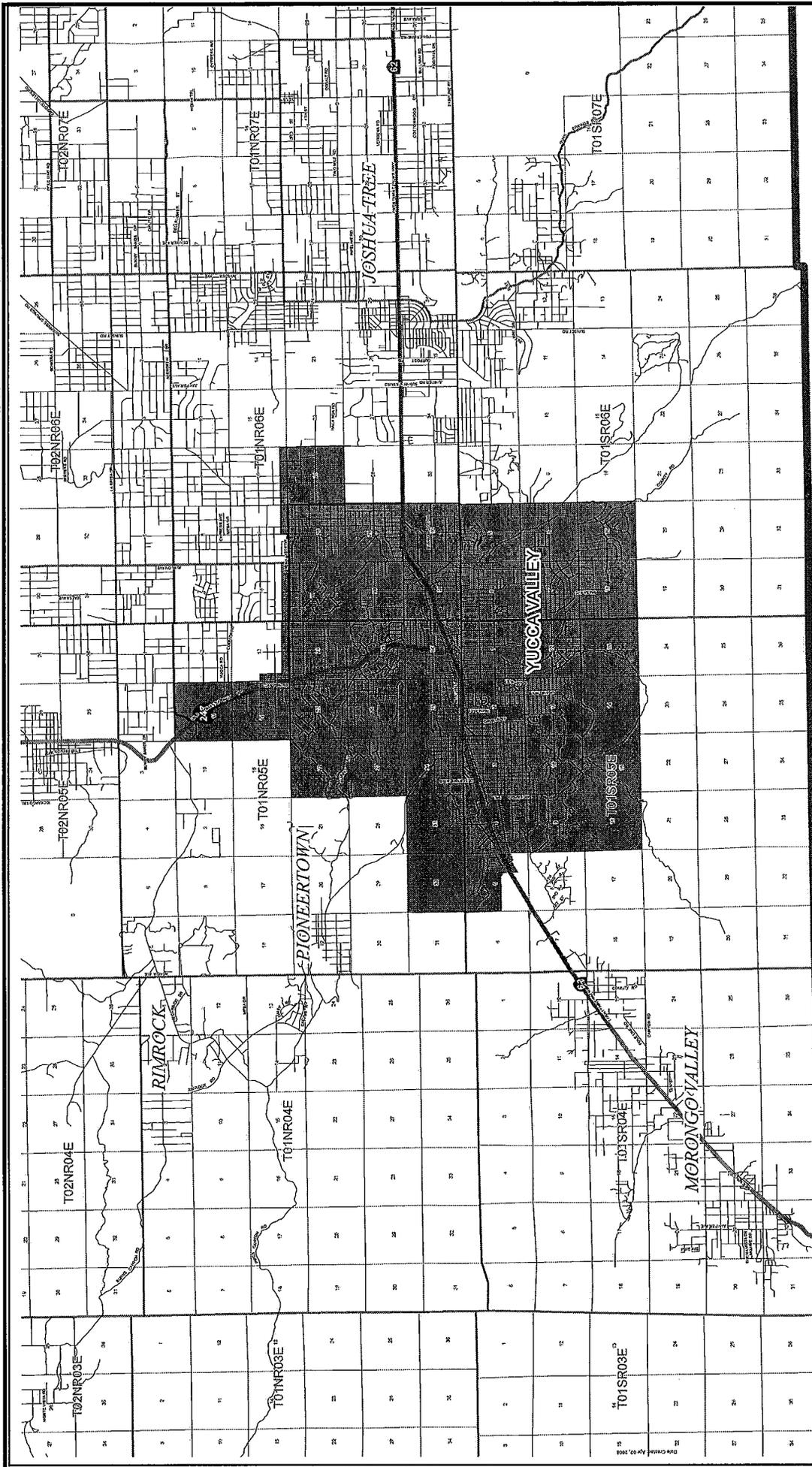
- The Yucca Valley Branch Library is inadequate to meet the current needs of its operational requirements. It lacks sufficient space to accommodate the existing programs, some staff lack office space and work areas and the noise level at the library is generally higher than desired.
- The Hi-Desert Nature Museum also lacks enough space to accommodate the storage and exhibit requirements as well as staff office areas and necessary staff amenities.
- The animal shelter facility is old and most of the amenities need to be upgraded and expanded to meet the municipal level standards.
- The number of fire stations serving the town and their current location is not enough to meet the required response time of seven minutes. The Town states that it intends to partner with County Fire to construct the new stations. No funding details were provided as a part of the Town's submission regarding new fire stations.
- Police substations - Services to the recommended sphere expansion area are from the Joshua Tree substation. Since the Sheriff responds to the proposed expansion areas area from the Joshua Tree substation, if the area is eventually annexed to the Town the areas would experience reduced response times due to a closer substation being located in the Town.

4. **Social and Economic Communities of Interest**

The Town of Yucca Valley is the social and economic community of interest for the Yucca Valley community. Economic communities of interest are the commercial activities along the Highway 62 corridor. The community is within the Morongo Unified School District, which serves the entire Morongo Basin.

5. **Additional Determinations**

- As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, the *Hi-Desert Star*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than



LAFCO 3134 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE
FOR THE TOWN OF YUCCA VALLEY

TOWN OF YUCCA VALLEY
Boundaries & Sphere of Influence are Coterminous
County line

RIVERSIDE COUNTY

