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**FISCAL IMPACT ANALYSIS
CITY OF ADELANTO
SOUTH ANNEXATION AREA 1A**

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I. INTRODUCTION

This report evaluates the fiscal impacts that development of the Adelanto South Annexation – Annexation Area 1A would have on the City of Adelanto. The project area encompasses approximately 80 acres in unincorporated San Bernardino County¹ and is proposed to be annexed to the City of Adelanto.

I-A. ORGANIZATION OF THE REPORT

This introduction summarizes the project description. Chapter II provides an Executive Summary of the study findings. Chapter II describes the methodology used for the analysis, along with supporting tables detailing the fiscal impact calculations.

I-B. PROJECT DESCRIPTION

Table I-1, on the following page, provides a land use summary for the project area. At buildout, the project area would include a total 285 single family dwelling units on 71.25 acres, based on a density of 4 units per acre. In addition to the single family dwelling units, the project area would also include approximately 8.75 acres of right-of-way. There are six existing residential units in the project area on approximately 17 acres of land. For purposes of this analysis, it is assumed that the land with the existing residential units would, after annexation, ultimately be redeveloped at a density of 4 units per acre (in accordance with the City's of Adelanto's Single Family Residential zoning).

Also shown in Table I-1 are the project area's projected resident population and added assessed valuation to the City of Adelanto at buildout. Based on an average household size of 3.72 persons per unit, the project area is projected to add 1,060 residents in the City.² For purposes of calculating the added assessed value in the City, we have assumed an average sales price of \$264,000 per single family dwelling unit.³ Thus, the projected total of 285 single family dwelling units would add a total of approximately \$75.2 million in assessed value to the City.

Table I-2, on page 3, provides the projected buildout schedule for the project area. For purposes of this analysis, it has been assumed that the annual development will occur in a linear fashion, with approximately 36 units completed each year for a total eight-year time period. Based on direction provided by the San Bernardino County Local Agency Formation Commission (LAFCO) staff, the analysis considers a ten-year time period, with development expected to begin in Year 3.⁴

¹ The project area boundaries are as follows: East - Jonathan Street, West - Delicious Street, North - Cactus Road, South - Mojave Drive.

² This is the average household size in Adelanto in 2008 as reported by California State Department of Finance (DOF).

³ Based on the average sales price of existing new home developments in the City of Adelanto, according to data provided by Hanley Wood Market Intelligence (See Table B-1 in Appendix B).

⁴ Telephone conversation with Kathleen Rollings-McDonald, San Bernardino LAFCO, August 8, 2007.

**Table I-1:
Summary Project Description
City of Adelanto Fiscal Impact Analysis
Annexation – Project Area 1A**

A.	<u>Land Use Acreage</u>	Acres at Buildout	Percent of Total
	Single Family Residential	71.25	89.1%
	Open Space / Right-of-Way	8.75	10.9%
	Total	80.00	100.0%
B.	<u>Other Project Information at Buildout</u>		
	Single Family Residential Units @ 4 du/acre	285	
	Population @ 3.72 persons per unit	1,060	
	Residential Assessed Valuation @ \$264,000 per unit	\$75,240,000	
C.	<u>Existing Land Uses</u>		
	Total Residential Units - Rural Living (RL)	6	
	Existing Population @ 3.72 persons per unit	22	
	Total Developed Acres	17.66	

Source: Hogle-Ireland, Inc.; Hanley Wood Market Intelligence; TNDG

**Table I-2:
 Summary Project Phasing
 City of Adelanto Fiscal Impact Analysis
 Annexation – Project Area 1A**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Existing Single Family Residential Units	6	6	0	0	0	0	0	0	0	0
Dwelling Unit Absorption	0	0	35	70	105	141	177	213	249	285
Project Area Population	22	22	130	260	390	524	658	792	926	1,060

Source: Hogle-Ireland, Inc.; San Bernardino County LAFCO; TNDG

II. EXECUTIVE SUMMARY

Provided below is a summary of the projected fiscal impacts of Annexation Area 1A at full buildout assuming annexation to the City of Adelanto. Annually recurring fiscal impacts are projected for the City's General Fund.

General Fund Revenues. Table II-1, on page 5, details the General Fund revenues that would be generated by the proposed project area. The project area at full buildout would generate General Fund revenues of approximately \$218,268 per year.

General Fund Expenditures. Table II-1 also details the City costs that would be generated by the proposed project area. At full buildout the project area would generate total General Fund expenditures of approximately \$351,570 per year.

Net Fiscal Impact. Based on the above projections, at buildout the project area would generate a General Fund deficit of approximately \$133,302 per year. This projected fiscal gap could be mitigated by a Community Facilities District (CFD) assessment equivalent to approximately 0.18% of the project area's total assessed value (i.e., property owners in the project area would have a property tax rate of 1.18% instead of the standard 1.0%). Under a CFD scenario, homeowners in the project area would pay an average of \$467.73 per year in supplemental property taxes. It should be emphasized that the City has not specifically proposed a CFD – it is just referenced here as one possible means of addressing the indicated fiscal shortfall.

A summary of project-related revenues and costs by year is provided on Table II-2 on page 6.

**Table II-1:
Summary of Fiscal Impact
City of Adelanto General Fund
Annexation – Project Area 1A
in 2008 Constant Dollars**

<i>Project-Related Revenues:</i>	Amount
Franchise Taxes	\$8,660
Licenses & Permits	2,364
Fines and Forfeitures	2,830
Motor Vehicle License Fees	5,862
Charges for Services	1,251
Gas Tax (1)	17,893
Property Tax in-lieu of VLF	93,298
Assembly Bill (AB) 1602 Revenue	1,218
Property Tax	51,334
Property Transfer Tax	3,615
Sales & Use Tax	13,465
Prop 172 - 1/2 Cent Sales Tax (2)	1,035
Measure 1 - 1/2 Cent Sales Tax (3)	15,443
Total	\$218,268
<i>General Fund Costs:</i>	Amount
Public Works	\$26,614
Engineering	7,830
Police (Sheriff Contract)	148,411
Animal Control	6,498
Fire Dept. (County Fire Contract)	94,276
Building and Safety / Code Enforcement	5,942
Parks	8,809
Senior Center / Community Center	2,862
Community Development	7,966
Administrative/Overhead Functions	42,362
Total	\$351,570
NET IMPACT (Revenues - Costs)	(\$133,302)

Source: TNDG

- Notes:
- (1) Funds are transferred into General Fund and are earmarked for street related purposes.
 - (2) Funds are transferred into General Fund and are earmarked for public safety expenditures.
 - (3) Funds are earmarked for Transportation Improvements.

**Table II-2:
Detail of Impacts to City of Adelanto General Fund, by year
City of Adelanto Fiscal Impact Analysis
Annexation - Project Area 1A**

<i>Project-Related Revenues:</i>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Franchise Taxes	\$359	\$359	\$1,062	\$2,124	\$3,186	\$4,281	\$5,376	\$6,471	\$7,565	\$8,660
Licenses & Permits	98	98	290	580	870	1,169	1,467	1,766	2,065	2,364
Fines and Forfeitures	117	117	347	694	1,041	1,399	1,757	2,115	2,472	2,830
Motor Vehicle License Fees	243	243	719	1,438	2,157	2,898	3,639	4,380	5,121	5,862
Charges for Services	52	52	153	307	460	618	776	935	1,093	1,251
Gas Tax (1)	743	743	2,194	4,389	6,583	8,845	11,107	13,369	15,631	17,893
Property Tax in-lieu of VLF	0	0	11,458	22,915	34,373	46,158	57,943	69,728	81,513	93,298
Assembly Bill (AB) 1602 Revenue	1,218	1,218	1,218	1,218	1,218	1,218	1,218	1,218	1,218	1,218
Property Tax	337	334	6,468	12,878	19,236	25,732	32,186	38,601	44,983	51,334
Property Transfer Tax	0	0	0	508	1,016	1,525	2,047	2,570	3,093	3,615
Sales & Use Tax	0	0	1,654	3,307	4,961	6,662	8,363	10,063	11,764	13,465
Prop 172 - 1/2 Cent Sales Tax (2)	0	0	127	254	381	512	643	774	904	1,035
Measure I - 1/2 Cent Sales Tax (3)	0	0	1,896	3,793	5,689	7,640	9,591	11,541	13,492	15,443
Total	\$3,168	\$3,165	\$27,587	\$54,405	\$81,172	\$108,656	\$136,113	\$163,530	\$190,914	\$218,268
General Fund Costs: (4)										
Public Works	\$0	\$0	\$5,822	\$8,733	\$11,644	\$14,638	\$17,632	\$20,626	\$23,620	\$26,614
Engineering	0	0	1,713	2,569	3,425	4,306	5,187	6,068	6,949	7,830
Police (Sheriff Contract)	3,080	3,080	18,201	36,403	54,604	73,365	92,127	110,888	129,649	148,411
Animal Control	135	135	797	1,594	2,391	3,212	4,034	4,855	5,676	6,498
Fire Dept. (County Fire Contract)	1,957	1,957	11,562	23,124	34,687	46,605	58,523	70,440	82,358	94,276
Building and Safety / Code Enforcement	0	0	1,300	1,950	2,600	3,268	3,937	4,605	5,274	5,942
Parks	183	183	1,080	2,161	3,241	4,354	5,468	6,582	7,695	8,809
Senior Center / Community Center	59	59	351	702	1,053	1,415	1,777	2,138	2,500	2,862
Community Development	0	0	1,743	2,614	3,485	4,382	5,278	6,174	7,070	7,966
Administrative/Overhead Functions	742	742	5,832	10,939	16,047	21,310	26,573	31,836	37,099	42,362
Total	\$6,156	\$6,156	\$48,401	\$90,788	\$133,176	\$176,855	\$220,534	\$264,212	\$307,891	\$351,570
NET IMPACT (Revenues - Costs)	(\$2,987)	(\$2,991)	(\$20,814)	(\$36,383)	(\$52,004)	(\$68,198)	(\$84,421)	(\$100,682)	(\$116,977)	(\$133,302)

Source: TNDG

- Notes: (1) Funds are transferred into General Fund and are earmarked for street related purposes.
(2) Funds are transferred into General Fund and are earmarked for public safety expenditures.
(3) Funds are earmarked for transportation improvements.
(4) Public Works, Engineering, and Community Development Costs are not projected for years 1 and 2 of the fiscal analysis, given that residential development is projected to begin in Year 3.

III. STUDY METHODOLOGY

This chapter of the report describes the methodology used to forecast City revenues and costs related to Annexation Area 1A. It generally follows the methodology of a sample report provided by the San Bernardino County Local Agency Formation Commission (LAFCO) for a similar annexation proposal in the City of Rancho Cucamonga.⁵

III-A. SCOPE OF THE ANALYSIS

The analysis focuses strictly on annually-recurring impacts to the City's General Fund. The following funds are not included in this analysis:

1. Assessment Districts: The City's assessment districts include assessments for water/sewer (Assessment District 1A), streetlights, and landscape maintenance. According to City staff, these assessment district boundaries are set and cannot be altered without annexation into the district, which requires a landowner vote. Thus, the project area upon annexation into the City would not be part of any assessment districts.⁶
2. Standby Fees: The City collects water and sewer and standby fees for all vacant land within the City. The fees are pledged to bonds, which were used to finance the construction of water and sewer-related infrastructure. According to City staff, until further legal guidance is provided, it is unclear whether or not newly annexed land would be subject to standby fees.⁷ Thus, they have not been included in this analysis.
3. Water/Sewer/Sanitation: Water, Sewer, and Sanitation are excluded from the analysis since it is assumed that any operating cost impacts to these funds would be fully offset by additional operating revenues. Potential one-time costs for new water and sewer-related infrastructure – to serve the project area residents' demand for these services – are addressed in the Plan for Services.

Within the General Fund, the analysis excludes one-time costs such as processing costs related to new development and capital costs for new infrastructure. Again, it is assumed that these costs will be offset by related revenue sources such as development impact fees, plan check fees, developer reimbursements, etc.

The analysis forecasts project area-related revenues from the following sources:

- Franchise taxes
- Fines and forfeitures
- Charges for services
- Property tax in-lieu of VLF (including AB 1602 revenue)
- Property transfer taxes
- Prop. 172 ½ cent sales tax
- Licenses and permits
- Motor vehicle license fees (VLF)
- Gas tax
- Property taxes
- Sales and use taxes
- Measure I – ½ cent sales tax

⁵ Etiwanda Heights Fiscal Impact Analysis – City of Rancho Cucamonga, March 25, 2004. Stanley R. Hoffman Associates.

⁶ Email correspondence with Bill Aylward, Finance Director, City of Adelanto, August 9, 2007.

⁷ Ibid.

The analysis forecasts the following municipal costs related to the proposed project area:

- Public Works
- Police (County Sheriff Contract)
- Fire Department (County Fire Contract)
- Parks
- Community Development
- Engineering
- Animal Control
- Building and Safety
- Senior Center / Community Center
- Administrative / Overhead Functions

III-B. OVERVIEW OF THE FORECASTING METHODOLOGY

The analysis is primarily based on the per capita cost and revenue factors derived from the City's current budget. The basic methodology for developing these factors involves the following steps:

- Identify the General Fund line items that would be impacted on an annually-recurring basis due to the development of the proposed project.
- For each identified line item, identify the "relevant population" for purposes of calculating per capita cost and revenue factors. For costs and revenues that primarily relate to residential development, the relevant population is the City's resident population. For line items affected by both residential and non-residential development, the combined resident and "daytime" employee populations are considered.
- Calculate per capita factors for each affected cost and revenue item based on the total dollar amount in the City's current budget divided by the relevant Citywide population (as determined in the previous step for each line item).
- Apply these per capita factors to the projected resident population for Annexation Area 1A in order to forecast the project area's revenue/cost impacts.

There are several revenue and expense categories for which the analysis does not use the per capita factor methodology. These are as follows:

- Property taxes and property taxes in-lieu of vehicle license fee (VLF) revenue are projected based on the project area's anticipated development values;
- Sales taxes are projected based on the projected offsite expenditures of project area residents; and
- Public Works, Engineering, and Community Development costs are projected based on a per developed acre basis. Per acre costs were derived by dividing the impacted department's annual operating budget by the total number of developed acres in the City.⁸

III-C. GENERAL FUND REVENUES

The specific assumptions for each revenue item are described below. The actual calculations are shown in Appendix A.

Franchise Taxes. Franchise taxes accruing to the City are projected on a per capita basis, taking into account both the resident and the daytime (worker) populations. The resident population is used in this analysis as a proxy for revenues generated by residential development and the daytime employee population is used as a proxy for revenues generated by non-residential land uses. Since both residential and non-residential land uses generate utility billings, both are considered in the franchise tax calculations. The City's residential population for the beginning of 2008 is projected at 28,200 persons and the City's commercial/industrial "population" is projected at 6,700 jobs. For purposes of calculating utility-related revenues, this analysis assumes that a daytime employee generates the same amount of revenue of a full-time

⁸ According to City staff, there are approximately 3,096 developed acres in the City, distributed among the following land uses: Residential (2,046 acres), Industrial (1,000 acres) and commercial (50 acres).

resident of the City. Thus, the total relevant population for these calculations is 34,900 (28,200 + 6,700).

As shown in Appendix A, Table A-1, Citywide franchise taxes in the FY 2008-09 budget are projected at \$285,000, or approximately \$8.17 per capita (based on the relevant population of 34,900). The project area is projected to generate a resident population of 1,060 residents. By multiplying the resident population by the per capita factor of \$8.17, The Natelson Dale Group, Inc. (TNDG) forecasts that the project area at full buildout would generate approximately \$8,660 per year in franchise taxes for the City.

Licenses and Permits. This category includes revenue from Animal and Home Occupation Licenses. Licenses and Permits are calculated on a per capita basis, utilizing the City's residents as the relevant population. The City's resident population for the beginning of 2008 is projected at 28,200 persons. The City's FY 2008-09 budget projects total animal and home occupation license revenue of 63,000, or approximately \$2.23 per capita (see Appendix A, Table A-1). By applying this per capita factor to the projected resident population of the project area (1,060), TNDG forecasts that the project area at full buildout would generate approximately \$2,364 per year in animal and home occupation license fees for the City.

Fines and Forfeitures. Fines and forfeiture revenue is calculated on a per capita basis. Some fines and forfeitures are generated strictly by residents (animal-related fines and forfeitures) while others are generated both by residents and businesses (e.g., court fines, parking citations, etc.). The City's FY 2008-09 budget projects resident-generated fines and forfeitures at \$9,000, or approximately \$.32 per capita (see Appendix A, Table A-1). For fines and forfeitures generated by both residents and businesses, the City's FY 2008-09 budget projects fines and forfeitures at \$82,000, or approximately \$2.35 per capita. By applying both of these per capita factors to the projected resident population of the project area (1,060) at full buildout, TNDG forecasts that the project area would generate approximately \$2,830 per year in fines and forfeiture revenue.

Motor Vehicle License Fees (VLF). VLF revenues are a subvention paid by the state to local governments on a per capita basis. The City's FY 2008-09 budget projects total VLF revenues of \$156,000, or approximately \$5.53 per capita based on a total resident population of 28,200 (see Appendix A, Table A-1). By applying this per capita factor to the projected resident population of the project area (1,060), TNDG forecasts that the project area at buildout would generate approximately \$5,862 per year in VLF revenue for the City.

Charges for Services. Similar to the fines and forfeitures category, some charges for services are generated strictly by residents (notary and passport fees and rent and concessions) while others are generated by both residents and businesses (emergency medical services fees and copies and police reports). The City's FY 2008-09 budget projects resident-generated charges for services at \$22,000, or approximately \$.78 per capita (see Appendix A, Table A-1). For charges and services generated by both residents and businesses, the City's FY 2008-09 budget projects charges for services at \$14,000, or approximately \$.40 per capita. By applying both of these per capita factors to the projected resident population of the project area (1,060) at full buildout, TNDG forecasts that the project area would generate approximately \$1,251 per year in charges for services revenue.

State Gasoline Tax. State gasoline taxes⁹ are a subvention paid by the State to local governments on a per capita basis. The City's FY 2008-09 budget projects total gasoline taxes at \$476,000, or approximately \$16.88 per capita (see Appendix A, Table A-1:). By applying this per capita factor to the projected resident population of the project area (1,060), TNDG forecasts that the project area at buildout would generate approximately \$17,893 per year in gasoline tax revenue for the City.

Property Tax in-lieu of VLF. In addition to its share of the standard 1.0% property tax, the City also receives separate property tax payment from the State in lieu of VLF revenue. This separate property tax item accrues to the City's General Fund. The amount the City receives from the State increases annually based on the percentage increase in the City's total assessed valuation. In annexation cases, AB 2115 (2004) specifies that the existing assessed valuation contained in area upon annexation is ignored. After the first year of annexation, however, future growth in assessed valuation is counted for purposes of calculating the City's property tax in-lieu of VLF. Given that the new residential development is projected to occur two years after annexation, the City's growth in assessed valuation will include assessed values from the project area.

Based on the total assessed valuation (as shown on Table I-1 on page 2), Appendix A, Table A-6 forecasts the property tax in lieu of VLF revenue that the project area would generate for the City's General Fund.

AB 1602 (Laird 2006). AB 1602 provides additional VLF allocations for annexations and new incorporations, essentially compensating cities that annex areas with pre-existing residential development (see discussion regarding AB 2115 above). Specifically, it provides a new per capita allocation of VLF revenue to cities that annex areas with existing residential development. The per capita amount – \$50, adjusted to account the growth in per capita allocations prior to 2004 – is applied to the population residing in the annexed area at the time of annexation.

The AB 1602 calculations are shown in Appendix A, Table A-6.

Property Taxes. Property tax revenues are projected by multiplying the tax allocation to the City of Adelanto General Fund by the projected assessed value of the residential units in the project area (see Table I-1 on page 2).

The standard property tax rate is 1.0% of assessed value, of which only a portion accrues to the City's General Fund. According to existing County policy on property tax transfers for annexations, the City of Adelanto's General Fund allocation will be 7.0% of the 1.0% general property tax levy.¹⁰

The property tax calculations are shown in Appendix A, Table A-7: and Table A-8. Also shown in Table A-8, property tax projections reflect use of a deflator factor to take into account the 2% annual increase limit specified by Proposition 13.

Property Transfer Tax. The City receives a property transfer tax based on the value of all real estate transactions occurring in the City. The City's property transfer tax rate is 0.11% of the value of sold properties (i.e., \$1.10 for every \$1,000 in transferred value). The property transfer

⁹ Gas tax revenue is earmarked for street maintenance related costs.

¹⁰ Telephone conversation with Kathleen Rollings-McDonald, San Bernardino LAFCO, October 11, 2006.

tax is divided equally by the City and the County, with the City receiving \$0.55 for every \$1,000 in transferred value.

In order to forecast property transfer taxes, it is necessary to project the turnover rate for housing in the project area. Based on a review of sales data for single family residential units in the City, TNDG projects that the typical single family home will change ownership once every ten years. This equates to annual turnover rate of 10% for single family properties.

Appendix A, Table A-8 shows the calculation of property transfer tax revenues.

Sales and Use Tax. The project area will generate sales tax revenues for the City of Adelanto from the project area's residents who will make taxable purchases at retail establishments in the City.

Appendix A, Table A-9: and Table A-10 forecast the additional tax revenues that the project would generate at retail establishments in the City. Table A-9: first projects the household income level for the project area, and then Table A-10 projects the spending characteristics for households with this income level (the portion of income spent on retail goods varies by income level). Once a total spending potential has been calculated, Table A-10 adjusts the total to "net out" the expenditures that would "leak" to other jurisdictions. To be analytically conservative, TNDG has assumed that a full 80% of residents' retail spending would occur outside the City of Adelanto and thus not generate sales tax revenue for the City.¹¹

Prior to 2004, cities in California received sales tax revenues of 1.0% of taxable sales occurring within their jurisdictions. With the passage of Proposition 57 in 2004, the cities' share of sales tax revenue was reduced to 0.75% of taxable sales. However, the lost portion of the local sales tax revenue has been replaced by additional property tax revenue from the State. Thus, this analysis assumes that the City's effective sales tax rate is still 1.0% of taxable sales.

In addition, the City also receives a use tax allocation equal to approximately 10.75% of its one percent sales tax allocation.¹²

Proposition 172 ½ Cent Sales Tax. The City receives Prop. 172 revenues¹³ from the State based on its sales tax allocation. For FY 2008-09, the City is projected to receive \$123,000 in Prop. 172 revenue and \$1,600,000 in sales tax revenue. Thus, Prop. 172 revenues are projected at \$76.88 per \$1,000 of additional sales tax generated by project area residents (see Appendix A, Table A-11:).

Measure I ½ Cent Sales Tax. The City receives Measure I revenues¹⁴ from the County based on its sales tax allocation. For FY 2008-09, the City is projected to receive \$1,835,000 in Measure I revenue and \$1,600,000 in sales tax revenue. Thus, Measure I revenues are

¹¹ This estimate is based on analysis of existing retail sales leakage in the City. This relatively high retail sales "leakage" estimate primarily results from the limited amount of existing retail development in the City of Adelanto. Thus, it is likely that project area residents will travel outside of the City for many of their retail expenditures.

¹² The use tax allocation is primarily derived from individuals and companies that purchase tangible personal property from out of state, which is not subject to sales tax. The State Board of Equalization assembles use tax collections into a number of pools and then is distributed to each jurisdiction in that county on a pro-rata share of taxable sales. For example, a city that generates 10% of all taxable sales in a given county receives 10% of the pool.

¹³ Funds are earmarked for public safety expenditures.

¹⁴ Funds are earmarked for transportation improvements as follows: 5% for handicapped/paratransit transportation improvements, 30% for local road projects, 65% for arterial road projects.

projected at \$1,146.88 per \$1,000 of additional sales tax generated by project area residents (see Appendix A, Table A-11:).

III-D. GENERAL FUND EXPENDITURES

The specific assumptions for each affected cost category are described below.¹⁵

Public Works. The Public Works Department maintains all City facilities, including streets, buildings, playgrounds, etc. The analysis projects the City's Public Works costs on per developed acre basis. The Citywide Public Works budget for FY 2008-09 is \$1,108,965, with capital costs at \$79,000. Thus, approximately \$1,029,965 of the Public Works budget is for services that would be impacted on a recurring basis. Based on a total of 3,096 developed acres in the City, the Public Works Department Budget amounts to approximately \$332.68 per acre. By applying this per acre factor to the project area's total land area (80 acres), TNDG forecasts that the project area at full buildout would generate approximately \$26,614 per year in recurring Public Works costs (see Appendix A, Table A-2:).

Engineering. The Engineering Department is responsible for the overall planning, implementation and management of the City's infrastructure. The City's FY 2008-09 budget for the Engineering Department is \$458,014, with capital costs at \$5,000 and Engineering fee revenue estimated at \$150,000. Thus, approximately \$303,014 of the Engineering budget is for services that would be impacted on a recurring basis (see Appendix A, Table A-2:).

The analysis projects the City's Engineering costs on a per developed acre basis. Based on a total of 3,096 developed acres in the City, the portion of the Engineering Department budget subject to recurring impacts amounts to approximately \$97.87 per acre. By applying this per acre factor to the project area's total land area (80 acres), TNDG forecasts that the project area at full buildout would generate approximately \$7,830 per year in recurring Engineering costs.

Police (County Sheriff). The City of Adelanto contracts police protection services with the San Bernardino County Sheriff. The City's FY 2008-09 budget for police protection services is \$5,001,500, with capital costs at \$15,000 and grant revenue from the State COPS grant program at \$100,000. Thus, approximately \$4,886,500 of the Police budget is for services that would be impacted on a recurring basis (see Appendix A, Table A-2:).

Since both residential and commercial land uses generate demand for police protection services, the analysis projects police protection costs on a per capita basis, taking both populations into account. Based on a total relevant population of 34,900 (28,200 residents + 6,700 employees), the portion of the Citywide Police budget subject to recurring impacts amounts to \$140.01 per capita. By applying this per capita factor to the resident population of the project area, TNDG forecasts that the project area at full buildout would generate approximately \$148,411 in recurring police protection costs.

¹⁵ Given that Public Works, Engineering, and Community Development costs are projected on a per developed acre basis, based on the assumption that developed land generates demand for these City services, the City is projected to begin incurring costs related to these cost categories in the first year of the residential development schedule (Year 3 in the analysis). Thus, although upon annexation there will be approximately six residential units on 17 developed acres in the project area, they will generate little or no costs to the City in these categories. However, other cost categories are projected on per capita basis, and they are projected to generate costs to City immediately after annexation, based on the existing resident population in the project area.

Animal Control. The City's FY 2008-09 budget for the Animal Control Department is \$182,804, with capital costs at \$10,000. Thus, approximately \$172,804 of the Animal Control budget is for services that would be impacted on a recurring basis. This cost is likely to increase in proportion to the growth in the City's resident population.

The City's resident population for the beginning of 2008 is projected at 28,200 persons. As shown in Appendix A, Table A-2:, the portion of the Citywide Animal Control budget subject to recurring impacts amounts to \$6.13 per capita. By applying this per capita factor to the resident population of the project area, TNDG forecasts that the project area at full buildout would generate approximately \$6,498 in recurring Animal Control costs.

Fire (County Fire) The City of Adelanto contracts fire protection services with the San Bernardino County Fire Department. The City's FY 2008-09 budget for fire protection services is \$3,104,000. Since both residential and commercial land uses generate demand for fire protection services, the analysis projects fire protection costs on a per capita basis, taking both populations into account. Based on a total relevant population of 34,900 (28,200 residents + 6,700 employees), the Citywide budget amounts to approximately \$88.94 per capita. (see Appendix A, Table A-2:). By applying this per capita factor to the resident population of the project area (1,060), TNDG forecasts that the project area at buildout would generate approximately \$94,276 per year in fire protection costs.

Building and Safety/Code Enforcement. The Building and Safety Department administers the City's construction and occupancy standards while the Code Enforcement Division is responsible for enforcing the City's codes. The City's FY 2008-09 budget for Building and Safety/Code Enforcement is \$775,961, with offsetting revenues estimated at \$546,000. Thus approximately \$229,961 of the Building and Safety/Code Enforcement budget is for services that would be impacted on a recurring basis.

The analysis projects the City's Building and Safety/Code Enforcement costs on a per developed acre basis. Based on a total of 3,096 developed acres in the City, the portion of the Department budget subject to recurring impacts amounts to approximately \$74.28 per acre. By applying this per acre factor to the project area's total land area (80 acres), TNDG forecasts that the project area at full buildout would generate approximately \$5,942 per year in recurring Engineering costs.

Parks. The analysis projects the City's Parks Department costs on a per capita basis, taking into account the City's resident population. The Citywide Parks budget for FY 2008-09 is \$335,434, with capital costs at \$101,000. Thus, approximately \$234,434 of the Parks budget is for services that would be impacted on a recurring basis.

The City's resident population for the beginning of 2008 is projected at 28,200 persons. As shown in Appendix A, Table A-2:, the portion of the Citywide Parks budget subject to recurring impacts amounts to \$8.31 per capita. By applying this per capita factor to the resident population of the project area (1,060), TNDG forecasts that the project area at full buildout would generate approximately \$8,809 in recurring Parks costs.

Senior Center/Community Center. The analysis projects the City's Senior Center/Community Center facility costs on a per capita basis, taking into account the City's resident population. The Citywide Senior Center/Community Center budgets for FY 2008-09 are \$96,000. Based on a total resident population of 28,200 persons, the combined Senior Center/Community Center budgets amount to approximately \$2.70 per capita (see Appendix A, Table A-2:). By applying

this per capita factor to the resident population of the project area (1,060), TNDG forecasts that the project area at full buildout would generate approximately \$2,862 in recurring Senior Center/Community Center costs.

Community Development. The Citywide Community Development Department budget for FY 2008-09 is \$653,310. Based on evaluation of the City's current budget, TNDG has determined a full \$345,000 incurred by the Community Development Department is related to new development and is covered by developer reimbursements and various permit fees. Thus, approximately \$308,310 of the Community Development Department budget is for services that would be impacted on a recurring basis (see Appendix A, Table A-2:).

The analysis projects the City's Community Development costs on per developed acre basis. Based on a total of 3,096 developed acres in the City, the portion of the Community Development Department budget subject to recurring impacts amounts to approximately \$99.58 per acre. By applying this per acre factor to the project area's total land area (80.35 acres), TNDG forecasts that the project area at full buildout would generate approximately \$7,996 per year in recurring Community Development costs.

Administrative Overhead Functions. The following City departments are classified in this analysis as administrative/overhead functions:

- City Council
- City Manager
- City Clerk
- Finance
- City Attorney
- Human Resources/Information Technology
- Vehicle Maintenance
- Non-Department

The budgets for these departments can be expected to grow in proportion to the budgets for core City services. As shown in Appendix A, Table A-3:, the adopted budgets for these departments in FY 2008-09 total \$3,196,161. This amounts to 27.3% of other General Fund expenditures. Due to economies of scale, the marginal impact to administrative/overhead functions is projected at one-half of this amount, or 13.7%. Thus, TNDG estimates that for every new dollar spent on "core" General Fund services, the administrative/overhead costs will increase \$0.137.

**APPENDIX A:
DETAILED FISCAL IMPACT CALCULATION**

**Table A-1:
Derivation of Revenue Projection Factors
City of Adelanto Fiscal Impact Analysis
Annexation – Project Area 1A**

City of Adelanto Demographic Factors:	
Total Population	28,200
Daytime Population	6,700

General Fund Revenues Calculated on a Per Capita Basis				
	City Budget FY 2008/09	Allocation Basis	Relevant Population	Per Capita Revenue
<i>Taxes & Assessments</i>				
Franchise Taxes	\$285,000	R+E	34,900	\$8.17
<i>Licenses & Permits</i>				
Animal Licenses	\$57,000	R	28,200	\$2.02
Home Occupation Licenses	\$6,000	R	28,200	\$0.21
<i>Fines and Forfeitures</i>				
Animal Apprehension Fees	\$4,000	R	28,200	\$0.14
Animal Pick Up and Disposal	\$5,000	R	28,200	\$0.18
Fines, Forfeitures and Penalties	\$70,000	R+E	34,900	\$2.01
Other Court Fines-General	\$0	R+E	34,900	\$0.00
Parking Citations	\$5,000	R+E	34,900	\$0.14
Vehicle Code Fines	\$7,000	R+E	34,900	\$0.20
<i>Intergovernmental Revenue</i>				
Motor Vehicle License Fees	\$156,000	R	28,200	\$5.53
<i>Charges for Services</i>				
Copies and Police Reports	\$1,000	R+E	34,900	\$0.03
EMS Fees	\$13,000	R+E	34,900	\$0.37
Notary and Passport Fees	\$15,000	R	28,200	\$0.53
Rent and Concessions	\$7,000	R	28,200	\$0.25
<i>Transfers and Other Revenues</i>				
Gas Tax	\$476,000	R	28,200	\$16.88
Allocation basis: R - residents; E - employees (daytime population); R+E - residents plus employees				

Other Project Related Revenues	Table	Projection Method
Property Tax in-lieu of VLF	Table A-6	Assessed valuation assumptions
AB 1602	Table A-6	Existing project area residents
Property Tax	Table A-7, A-8	Assessed valuation assumptions
Property Transfer Tax	Table A-8	Property turnover and valuation
Sales & Use Tax	Table A-9, A-10	Resident-generated taxable sales
Prop. 172 1/2 Cent Sales Tax	Table A-11	Per \$1,000 of sales and use tax
Measure I 1/2 Cent Sales Tax	Table A-11	Per \$1,000 of sales and use tax

Source: City Adelanto, *Proposed Budget F.Y. 2008-09*
California Department of Finance (DOF), *E-5 City/County Population and Housing Estimates, 2008*
Southern California Association of Governments (SCAG), 2008 Regional Transportation Plan (RTP)
The Natelson Dale Group, Inc. (TNDG)

**Table A-2:
Derivation of Cost Projection Factors
City of Adelanto Fiscal Impact Analysis
Annexation – Project Area 1A**

City of Adelanto Demographic/Acreage Factors:	
Total Population	28,200
Daytime Population	6,700
Developed Acres	3,096

Budget Category	Citywide Budget FY 2008/09	Non- Recurring Amount	Amount Recovered Through Fees	% Subject to Per Capita/Acre Increases	Adjusted Amount	Allocation Basis (1)	Relevant Population Area	Per Capita / Acre Cost
Public Works	\$1,108,965	\$79,000	\$0	93%	\$1,029,965	A	3,096	\$332.68
Engineering	\$458,014	\$5,000	\$150,000	66%	\$303,014	A	3,096	\$97.87
Police (Sheriff Contract)	\$5,001,500	\$15,000	\$100,000	98%	\$4,886,500	R+E	34,900	\$140.01
Animal Control	\$182,804	\$10,000	\$0	95%	\$172,804	R	28,200	\$6.13
Fire Dept. (County Fire Contract)	\$3,104,000	\$0	\$0	100%	\$3,104,000	R+E	34,900	\$88.94
Building and Safety (2)	\$775,961	\$0	\$546,000	30%	\$229,961	A	3,096	\$74.28
Parks	\$335,434	\$101,000	\$0	70%	\$234,434	R	28,200	\$8.31
Senior Center / Community Center	\$96,000	\$20,000	\$0	79%	\$76,000	R	28,200	\$2.70
Community Development	\$653,310	\$0	\$345,000	47%	\$308,310	A	3,096	\$99.58
Administrative/Overhead Functions	\$2,420,445 @	13.7%	of ALL other General Fund Costs					

Source: City Adelanto, *Proposed Budget F.Y. 2008-09*; TNDG

Notes: (1) Allocation Basis: A = Developed Acres, R = Residents, R+E = Residents + Employees
(2) Includes Code Enforcement Division

**Table A-3:
 Estimation of General Government (Overhead) Costs
 City of Adelanto Fiscal Impact Analysis
 Annexation -- Project Area 1A**

1. GENERAL FUND EXPENDITURES

<u>Department</u>	<u>Total</u>	<u>General Government</u>	<u>Non-General Government</u>
City Council	91,301	91,301	
City Manager	475,638	475,638	
City Clerk	219,246	219,246	
Finance	263,007	263,007	
City Attorney	275,000	275,000	
Public Works	1,108,965		1,108,965
Engineering	458,014		458,014
Police/Sheriff	5,001,500		5,001,500
Animal Control	182,804		182,804
Fire Dept./County Fire	3,104,000		3,104,000
Building and Safety / Code Enforcement	775,961		775,961
Human Resources/Info Technology	775,716	775,716	
Senior Center	35,000		35,000
Community Center	36,000		36,000
Community Center #2	25,000		25,000
Parks	335,434		335,434
Vehicle Maintenance	160,026	160,026	
Non-Department	936,227	936,227	
Community Development/Planning	653,310		653,310
TOTAL - GENERAL FUND	\$14,912,149	\$3,196,161	\$11,715,988

2. CALCULATION OF GENERAL GOVERNMENT COSTS

Estimated General Government Expenditures		\$3,196,161
	divided by	
Estimated Non-General Government Expenditures		\$11,715,988
	equals	
General Government as percent of Non-General Government Costs		27.3%
Marginal Increase in General Government Costs @ 50%		13.7%

Source: City of Adelanto, *Proposed Budget F.Y. 2008-09*; TNDG

**Table A-4:
 Summary Project Description
 City of Adelanto Fiscal Impact Analysis
 Annexation – Project Area 1A**

A.	<u>Land Use Acreage</u>	<u>Acres at Buildout</u>	<u>Percent of Total</u>
	Single Family Residential	71.25	89.1%
	Open Space / Right-of-Way	8.75	10.9%
	Total	<u>80.00</u>	<u>100.0%</u>
B.	<u>Other Project Information at Buildout</u>		
	Single Family Residential Units @ 4 du/acre	285	
	Population @ 3.72 persons per unit	1,060	
	Residential Assessed Valuation @ \$264,000 per unit	\$75,240,000	
C.	<u>Existing Land Uses</u>		
	Total Residential Units - Rural Living (RL)	6	
	Existing Population @ 3.72 persons per unit	22	
	Total Developed Acres	17.66	

Source: Hogle-Ireland, Inc.; Hanley Wood Market Intelligence; TNDG

**Table A-5:
Summary Project Phasing
City of Adelanto Fiscal Impact Analysis
Annexation – Project Area 1A**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<u>Existing Residential Development</u>										
Developed Acres	17	17	0	0	0	0	0	0	0	0
Single Family Residential Units	6	6	0	0	0	0	0	0	0	0
Population	22	22	0	0	0	0	0	0	0	0
Residential Assessed Valuation (\$000s)	\$481.66	\$481.66	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>New Development Added</u>										
Total Acres - Residential Development	0	0	8.75	8.75	8.75	9.00	9.00	9.00	9.00	9.00
Total Acres - Open Space/Right-of-Way	0	0	8.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Single Family Residential Units	0	0	35	35	35	36	36	36	36	36
Population	0	0	130	130	130	134	134	134	134	134
Residential Assessed Valuation (\$000s)	0	0	\$9,240	\$9,240	\$9,240	\$9,504	\$9,504	\$9,504	\$9,504	\$9,504
<u>Cumulative Development</u>										
Developed	17	17	17.5	26.3	35.0	44.0	53.0	62.0	71.0	80.0
Single Family Residential Units	6	6	35	70	105	141	177	213	249	285
Population	22	22	130	260	390	524	658	792	926	1,060
Residential Assessed Valuation (\$000s)	\$482	\$482	\$9,240	\$18,480	\$27,720	\$37,224	\$46,728	\$56,232	\$65,736	\$75,240

Source: Hogle-Ireland, Inc.; San Bernardino County Assessors Office; San Bernardino County Local Agency Formation Commission (LAFCO); TNDG

**Table A-6:
 Calculation of Property Tax in-lieu of VLF & AB 1602 Revenue
 City of Adelanto Fiscal Impact Analysis
 Annexation – Project Area 1A**

	FY 2004-05	FY 2005-06	Absolute Change	% Change
Property Tax in-lieu of VLF (\$000s)	\$137,463	\$157,487	\$20,024	14.6%
Assessed Valuation (\$ millions)	\$111,167	\$127,360	\$16,193	14.6%
VLF Increase / Assessed Valuation (AV)			\$0.001237	
VLF Increase per \$1,000 increase in AV			\$1.24	

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Incremental Assessed Value from Project	\$0	\$0	\$9,240	\$18,480	\$27,720	\$37,224	\$46,728	\$56,232	\$65,736	\$75,240
Incremental Property Tax in Lieu of VLF	\$0	\$0	\$11,458	\$22,915	\$34,373	\$46,158	\$57,943	\$69,728	\$81,513	\$93,298
AB 1602 Revenue @ \$55.37 per Existing Resident in Project Area ⁽¹⁾	\$1,218	\$1,218	\$1,218	\$1,218	\$1,218	\$1,218	\$1,218	\$1,218	\$1,218	\$1,218

Source: California State Controller; TNDG

Notes: (1) Assembly Bill 1602

**Table A-7:
Assessed Valuation by Year
City of Adelanto Fiscal Impact Analysis
Annexation – Project Area 1A**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Existing Assessed Value	\$482	\$482	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Added Assessed Value	\$0	\$0	\$9,240	\$9,240	\$9,240	\$9,504	\$9,504	\$9,504	\$9,504	\$9,504
– Cumulative	\$0	\$0	\$9,240	\$18,480	\$27,720	\$37,224	\$46,728	\$56,232	\$65,736	\$75,240
– Value in Place Excluding Absorption Year	\$0	\$0	\$0	\$9,240	\$18,480	\$27,720	\$37,224	\$46,728	\$56,232	\$65,736

Source: TNDG; Hanley Wood Market Intelligence; San Bernardino County Assessors Office

**Table A-8:
Detail of Property Tax Revenue Calculations - General Fund
(\$000s of 2008 constant dollars)
City of Adelanto Fiscal Impact Analysis
Annexation - Project Area 1A**

Base Tax Rate
City General Fund Share

1.0%
7.0%

Deflator Factor
Property Turnover Rate

1.0%
10.0%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CONSTANT DOLLAR Base Calculation										
Existing Assessed Value	\$482	\$477	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dev. In Absorption Year	\$0	\$0	\$9,240	\$9,240	\$9,240	\$9,504	\$9,504	\$9,504	\$9,504	\$9,504
Deflated Value of Previous Year's Base	N/A	N/A	N/A	\$8,233	\$16,392	\$24,484	\$32,753	\$40,968	\$49,134	\$57,257
Re-Assessed Value of Transferred Property	N/A	N/A	N/A	\$924	\$1,848	\$2,772	\$3,722	\$4,673	\$5,623	\$6,574
TOTAL PROPERTY TAX BASE	\$482	\$477	\$9,240	\$18,397	\$27,480	\$36,760	\$45,980	\$55,145	\$64,261	\$73,334
Total Property Tax Revenue	\$4.82	\$4.77	\$92.40	\$183.97	\$274.80	\$367.60	\$459.80	\$551.45	\$642.61	\$733.34
City of Adelanto General Fund Share	\$0.34	\$0.33	\$6.47	\$12.88	\$19.24	\$25.73	\$32.19	\$38.60	\$44.98	\$51.33
City Transfer Tax Revenue @ 0.055%	\$0	\$0	\$0	\$0.51	\$1.02	\$1.52	\$2.05	\$2.57	\$3.09	\$3.62

Source: LAFCO; TNDG

**Table A-9:
Calculation of Sales and Use Taxes
City of Adelanto Fiscal Impact Analysis
Annexation – Project Area 1A**

Value	
Average Price Per Dwelling Unit	\$264,000
Household Income	
Loan to Value Ratio	0.80
Loan Amount	\$211,200
Interest Rate	6.50%
Term (years)	30
Monthly Payment	
Mortgage	\$1,335
Property Tax @1.25%	\$275
Property Insurance @ 0.30%	\$66
HOA Fees	\$0
Monthly Total	<u>\$1,676</u>
Minimum Income Required	
Income Coverage	0.33
Monthly	\$5,079
Annual	\$60,943

Source: Hanley Wood Market Intelligence; TNDG

**Table A-10:
Calculation of Sales and Use Taxes
City of Adelanto Fiscal Impact Analysis
Annexation – Project Area 1A**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Average Selling Price per Residential Unit	N/A	N/A	\$264,000	\$264,000	\$264,000	\$264,000	\$264,000	\$264,000	\$264,000	\$264,000
Cumulative Dwelling Units	0	0	35	70	105	141	177	213	249	285
Total Value of Housing Units (\$000s)	\$0	\$0	\$9,240	\$18,480	\$27,720	\$37,224	\$46,728	\$56,232	\$65,736	\$75,240
Estimated Aggregate Income (\$000s)	\$0	\$0	\$2,133	\$4,266	\$6,399	\$8,593	\$10,787	\$12,981	\$15,175	\$17,369
Retail Taxable Sales (\$000s) as % of Household Income @ 35.0%	\$0	\$0	\$747	\$1,493	\$2,240	\$3,008	\$3,775	\$4,543	\$5,311	\$6,079
Projected Off-Site Taxable Sales (\$000s) Captured in Adelanto @ 20.0%	\$0	\$0	\$149	\$299	\$448	\$602	\$755	\$909	\$1,062	\$1,216
Sales Tax @ 1.0% of taxable sales	\$0	\$0	\$1,493	\$2,986	\$4,479	\$6,015	\$7,551	\$9,087	\$10,622	\$12,158
Use Tax @ 10.75% of sales tax	\$0	\$0	\$161	\$321	\$482	\$647	\$812	\$977	\$1,142	\$1,307
Total Projected Sales and Use Tax	\$0	\$0	\$1,654	\$3,307	\$4,961	\$6,662	\$8,363	\$10,063	\$11,764	\$13,465

Source: Hanley Wood Market Intelligence; TNDG

**Table A-11:
Calculation of Restricted Sales Taxes
City of Adelanto Fiscal Impact Analysis
Annexation – Project Area 1A**

	F.Y. 2008-09
Total Sales and Use Tax	\$1,600,000
Total Measure I 1/2 Cent Sales Tax ⁽¹⁾	\$1,835,000
Total Prop. 172 1/2 Cent Sales Tax ⁽²⁾	\$123,000

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Measure I revenue @ \$1,146.88 per \$1,000 of sales and use tax	\$0	\$0	\$1,896	\$3,793	\$5,689	\$7,640	\$9,591	\$11,541	\$13,492	\$15,443
Prop. 172 revenue @ \$76.88 per \$1,000 of sales and use tax	\$0	\$0	\$127	\$254	\$381	\$512	\$643	\$774	\$904	\$1,035

Source: City of Highland, *Proposed Budget F.Y. 2008-09*; San Bernardino Associated Governments (SANBAG); TNDG

Notes: (1) Funds are earmarked for transportation improvements as follows: 5% for handicapped/paratransit purposes, 30% for local road projects, 65% for arterial road projects
(2) Funds are earmarked for Public Safety Expenditures

**APPENDIX B:
NEW HOME SALES PRICES – CITY OF ADELANTO**

**Table B-1:
New Single Family Home Projects – Square Feet and Sales Prices
City of Adelanto**

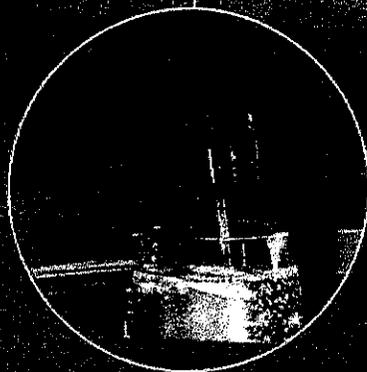
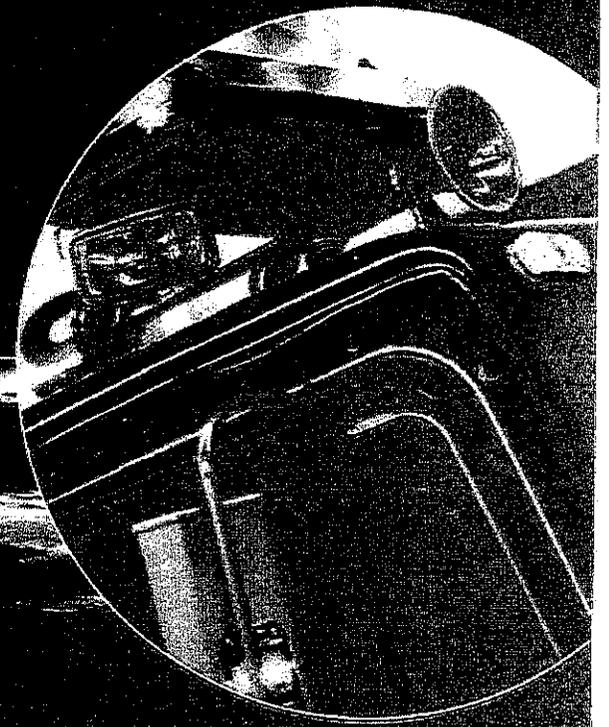
Project	Sq. Ft. Range		Average Sales Price*
	Low	High	
Amore 2	1,960	2,664	\$268,450
Armonia	2,023	2,754	\$264,990
Arriba	1,251	2,788	\$344,490
Daybreak IV	1,304	1,754	\$244,995
Desert Trails	1,414	2,260	\$212,740
La Puerta	907	1,775	\$202,490
Manzanita	2,379	3,676	\$272,278
Monte Verde	1,624	2,173	\$275,490
Quail Creek	1,853	2,472	\$319,500
Seasons	1,314	2,203	\$259,995
Sonrisa at Adelanto	1,351	2,395	\$222,490
Villa Rosa	1,508	2,175	\$284,990
Average Sales Price			\$264,408

Source: Hanley Wood Market Intelligence; TNDG

Notes:

* Average sales price is the midpoint between the low and high price range.

Data was accessed at <http://www.meyersgroup.com/homebuilding/homebuilding.asp>
on 8/20/2008.



Adelanto South Annexation Area 1A - Plan of Services



Prepared for:
City of Adelanto
11600 Air Expressway
Adelanto, Ca 92301
760.246.2300



Prepared by:
Hogbe-Ireland, Inc.
2860 Michelle Drive, Ste. 100
Irvine, CA 92606
949.553.1427



Adelanto South Annexation

Plan of Services

Area 1A

August 2008

Lead Agency:

San Bernardino LAFCO
215 North D Street, Suite 204
San Bernardino, Ca 92415
909.383.9900

Prepared for:

City of Adelanto
11600 Air Expressway
Adelanto, Ca 92301
760.246.2300

Prepared by:

Hogle-Ireland, Inc.
2860 Michelle Drive, Ste. 100
Irvine, CA 92606
949.553.1427



Adelanto South Annexation



Adelanto South Annexation



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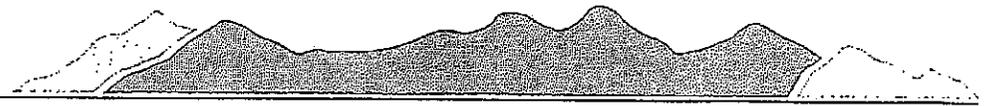


Adelanto South Annexation



Adelanto South Annexation





1.0 Introduction

In November 2006 the City of Adelanto explored the idea of annexing approximately 2,822 acres currently located towards the south end of the City from the County of San Bernardino into the City's jurisdictional boundaries. The City held several community outreach meetings, sent information packets to both registered voters and landowners, and launched a dedicated website in order to get a general assessment of how the residents and landowners would respond to the proposed annexation.

While the City was assessing their annexation options, several landowners approached the City about the possibilities of processing a landowner initiated annexation. With assistance from the City of Adelanto, landowners within the 81 acre area generally defined by Cactus Road to the north, Jonathan Street to the east, Mojave Drive to the south, and Delicious Street to the west filed a petition to begin the annexation procedures. This annexation proposal is commonly and hereinafter referred to as Adelanto South Annexation Area IA.

In total the City of Adelanto is pursuing the annexation of approximately 2,822 acres through multiple proposals. This Plan of Services is for one portion of the total area; annexation of the subsequent area will occur at a later date after the filing of the Certificate of Completion for Area IA. As discussed with LAFCO's Executive Officer, the environmental documentation will encompass the entire 2,822 acre annexation area while separate applications will be submitted for each annexation area.



Adelanto South Annexation



Adelanto South Annexation





2.0 Plan of Services

The Plan of Services analyses the existing and projected levels of service to be provided for the proposed 81 acre annexation from the County of San Bernardino into the City of Adelanto. This plan has been prepared pursuant to government Code Sections 56800 for a Change of Organization and 56653 for a Plan Providing Municipal Services. The proposed annexation will effect the following municipal services:

- Police Protection;
- Fire Protection;
- Domestic Water Service;
- Domestic Sewer Service;
- Drainage;
- Solid Waste Services; and
- Street Maintenance

Other services including public schools, natural gas, electricity, public libraries, cable television, phones, and lighting were also examined in preparation of this document.

Furthermore, this plan will compare the current level of service provided by the County of San Bernardino to the City's projected level of service to determine whether the annexation is in the best interest of the City of Adelanto and the County of San Bernardino. This will assist officials of the San Bernardino County Local Agency Formation Commission (LAFCO) in their review of the proposed annexation.



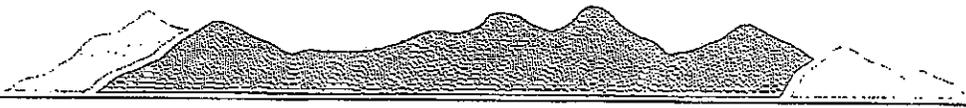


Adelanto South Annexation



Adelanto South Annexation





3.0 Proposed Annexation

3.1 Location

The City of Adelanto is located in the County of San Bernardino along Highway 395 in the Victor Valley. The City is 35 miles north of the City of San Bernardino and approximately 95 miles northeast of Los Angeles in the High Desert region of San Bernardino County. The City encompasses an approximately 52 square mile area with a 25 square mile Sphere of Influence (SOI). The proposed annexation will add an additional 81 acres to the City's existing jurisdictional boundaries.

The proposed annexation area is located in the southern portion of the City's SOI in the eastern most portion of the "keyhole" area currently under the jurisdiction of San Bernardino County. Annexation Area 1A is generally bordered on the north by Cactus Road, on the east by Jonathan Street, on the South by the City's jurisdictional boundaries (Mojave Drive), and on the west by Delicious Street.

(See Exhibit 3.1 Regional/Vicinity Map)

3.2 Demographics

The City of Adelanto was incorporated in 1970 as San Bernardino County's smallest city. In 1992 Adelanto became a Charter City governed by a five member elected City Council and a City Manger. The City is composed of over 24,000 permanent residents with over 6,500 housing units and approximately 140 commercial and industrial facilities. The median age for residents within the City of Adelanto is just under 27 years while the median income tops \$35,000. The City is rapidly developing with close to 2,000 housing units developed within the ten year period between 1995 and 2005.

3.3 Surrounding Land Uses

The annexation area is primarily surrounded by residential land uses. Three of the four sides of the proposed annexation area abut the City of Adelanto. The area south and east of the proposed annexation site is bordered by the City of Adelanto and is currently zoned as Single Family Residential (R1) which allows up to four (4) units per acre. The area to the north of the proposed annexation area is also bordered by the City of Adelanto and is zoned as Medium Density Residential (R3-8) which allows up to eight (8) units per acre. The area "kitty corner" to the north-east of the proposed annexation area is within the City of Adelanto and is zoned as General Commercial (C). The western edge of the proposed annexation area is currently within the County of San Bernardino and is zoned as Rural Living (RL) which allows up to one unit per every two and a half (2½) acres.

Exhibit 3.2: Surrounding Land Uses provides a visual depiction of the project site and adjacent properties at the time the Plan of Services was prepared.

TABLE 3.1: SURROUNDING LAND USES

Location	Zone	Density	Jurisdiction
North	Medium Density Residential (R3-8)	Up to 8 D.U.'s per acre	City of Adelanto
South	Single Family Residential (R1)	Up to 4 D.U.'s per acre	City of Adelanto
East	Single Family Residential (R1)	Up to 4 D.U.'s per acre	City of Adelanto
West	Rural Living (RL)	Up to 1 D.U. per 2.5 acres	County of San Bernardino



Adelanto South Annexation



Adelanto South Annexation

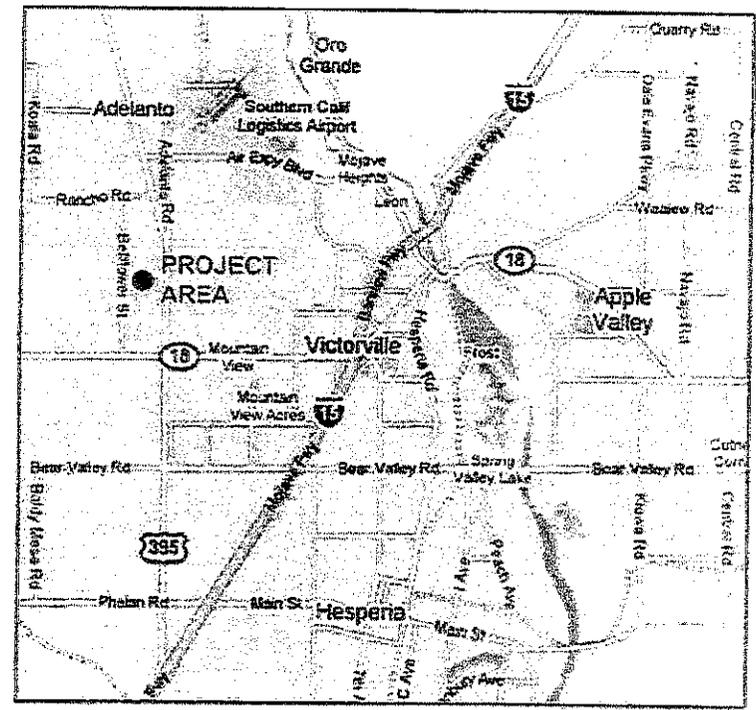
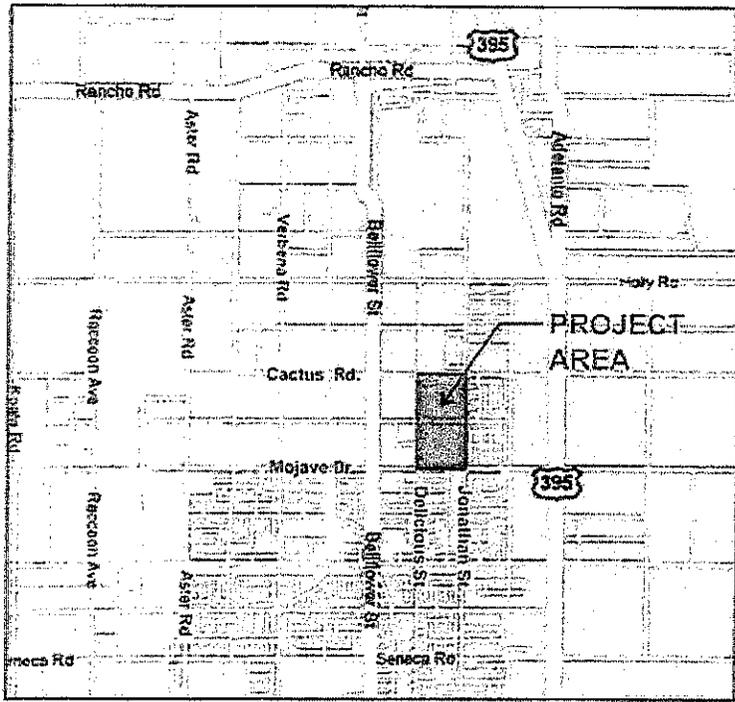


EXHIBIT 3.1
REGIONAL / VICINITY MAP

Adelanto South Annexation

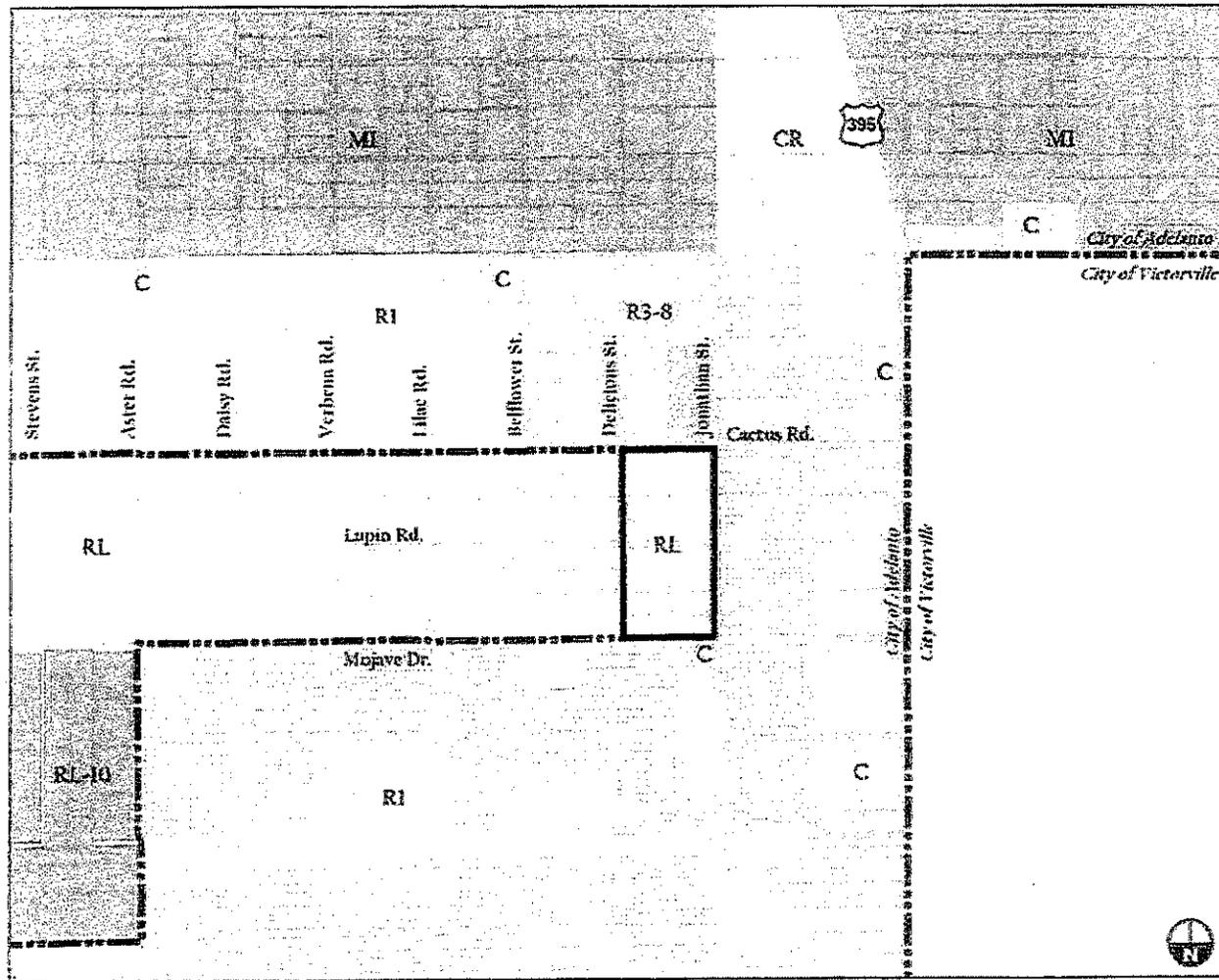




Adelanto South Annexation



Adelanto South Annexation



Legend

- City of Adelanto
- ▭ Annexation Area 1A
- Adelanto Zoning Designations**
- ▭ R1 Single Family Residential
- ▭ R3-8 Medium Density Residential
- ▭ C General Commercial
- ▭ CR Commercial Restricted
- ▭ MI Manufacturing Industrial
- San Bernardino County Zoning Designations**
- ▭ RL Rural Living
- ▭ RL-10 Rural Living

EXHIBIT 3.2

**SURROUNDING LAND USES
Adelanto South Annexation**





3.4 Existing & Proposed Zoning

The County of San Bernardino and the City of Adelanto use a one-map system to depict their General Plan Land Use and Zoning designations. The one-map system ensures that there will always be consistency between the General Plan Land Uses and Zoning designations. The County of San Bernardino has adopted an updated General Plan, which is currently in litigation. For purposes of this document, all existing County land uses for the proposed annexation reference the County's updated General Plan.

If annexed into the City of Adelanto, the zoning of affected properties will continue to reflect the lifestyle and atmosphere currently provided by the County of San Bernardino while remaining consistent with the City of Adelanto's existing General Plan Land Use designations. The City of Adelanto officially pre-zoned the entire annexation area through the adoption of Ordinance No. TBD and EIR No. TBD

Upon annexation into the City of Adelanto, the zoning of the proposed annexation area will change from:

- The County of San Bernardino's Rural Living (RL) designation with the potential to develop approximately 28 residential units at build-out, based upon a net acreage of 71.25 acres. (see Exhibit 3.3: Existing County Zoning)

to

- Single Family Residential (R1) with the potential to develop approximately 285 dwelling units, based upon a net acreage of 71.25 acres. (see Exhibit 3.4: Proposed City Zoning)

Upon annexation, the City of Adelanto's Zoning designation will apply to all affected properties for no less than two years. A more complete

description of the County's and the City's zoning designations for the proposed annexation is as follows:

County of San Bernardino

Rural Living (RL): The purpose of the RL designation is to encourage single family residential development at a maximum density of one (1) dwelling unit per acre. Areas depicted under the Rural Living designation are areas where rural residences are the primary use of the land but where agriculture and other compatible uses such as hunting clubs, dude ranches, and recreational vehicle parks may be located. Areas designated under the Rural Living designation typically have partial public services and limited public improvements.

City of Adelanto

Single Family Residential (R1): The Single Family Residential (R1) designation provides for the development of four units per acre. Development under this designation requires full urban levels of services and public improvements. The minimum lot size in this zoning district may be increased depending on land, availability of services, and other factors.

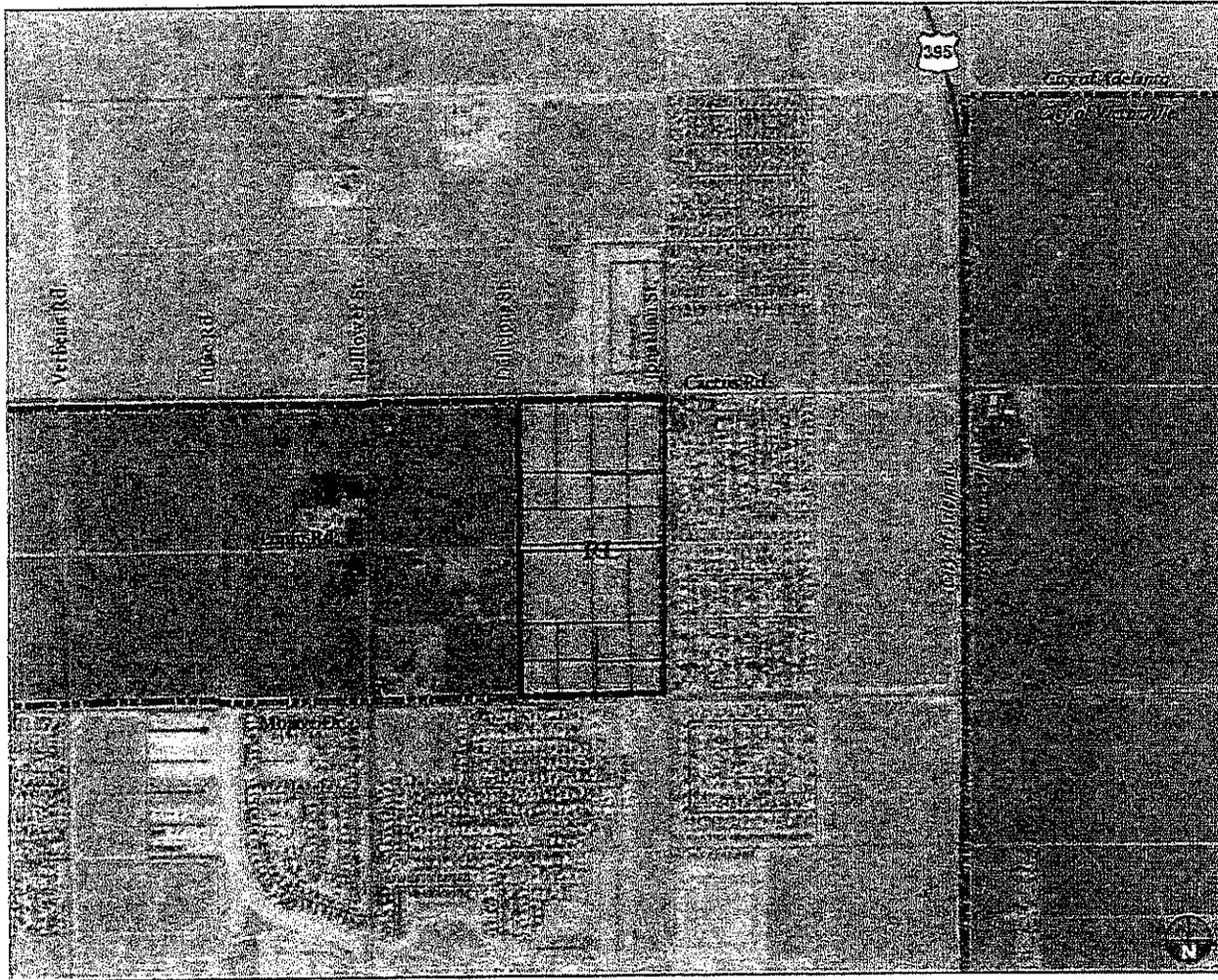


Adelanto South Annexation



Adelanto South Annexation





Legend

-  City of Adelanto
-  Sphere of Influence
-  Annexation Area 1A
- Zoning Designations**
-  R1. Rural Living

EXHIBIT 3.3

EXISTING COUNTY ZONING
Adelanto South Annexation



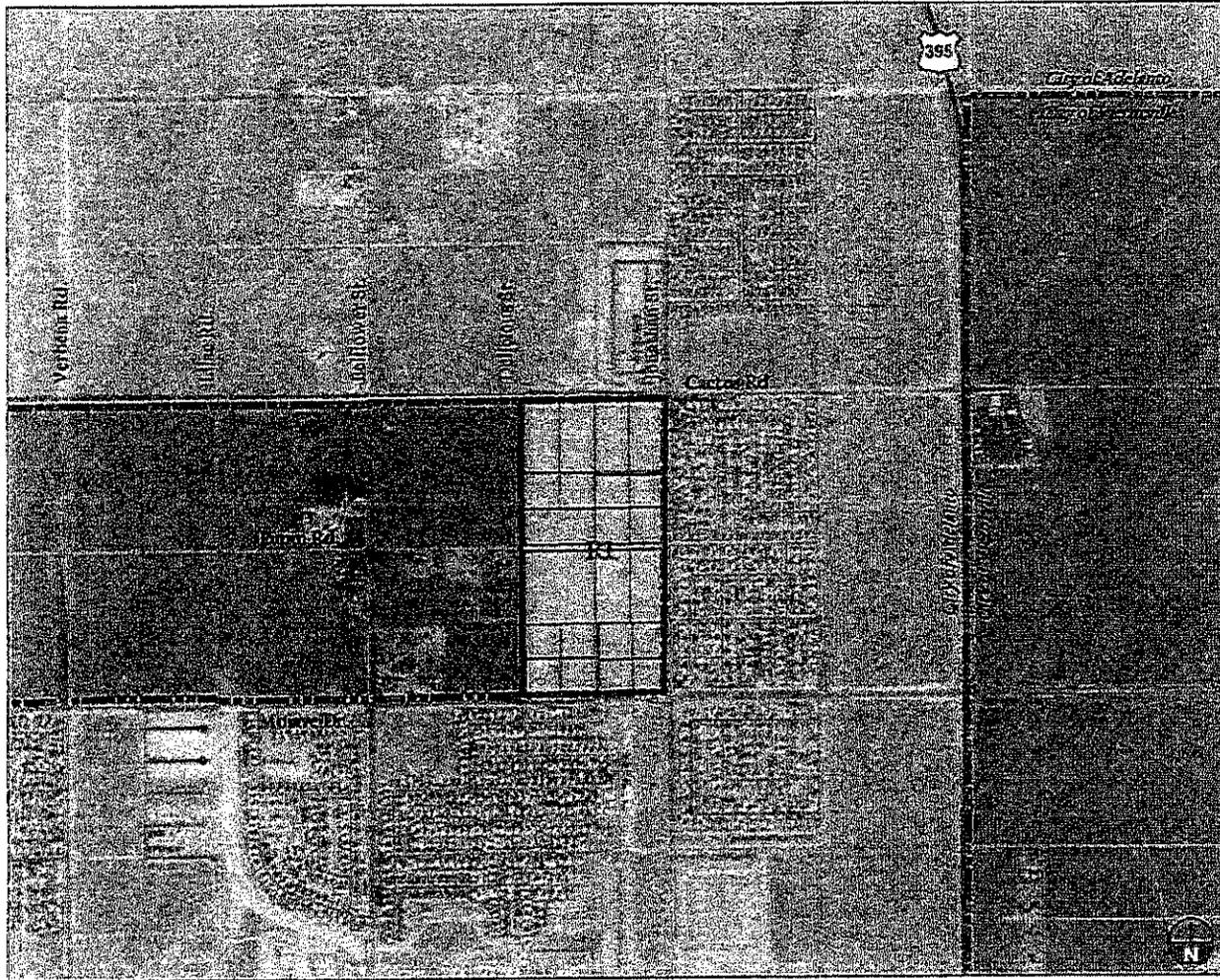


Adelanto South Annexation



Adelanto South Annexation





Legend

-  City of Adelanto
-  Sphere of Influence
-  Annexation Area IA
- Zoning Designations**
-  RI - Single Family Residential

EXHIBIT 3.4

PROPOSED CITY ZONING
Adelanto South Annexation



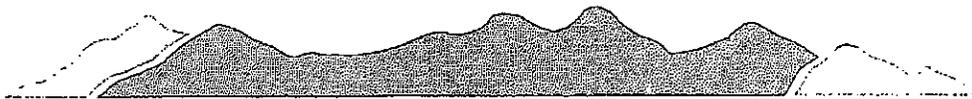


Adelanto South Annexation



Adelanto South Annexation





4.0 Services Required by the Project

The purpose of the Plan of Services is to analyze the proposed annexation and determine what services and infrastructure are needed to serve the existing and projected population. The Plan of Services will serve as an indicator as to whether or not the construction of new facilities or additional personnel will be needed. In addition, the Plan of Services will provide a timeframe of when services will be extended into the affected area as well as the associated costs.

Upon annexation of the proposed territory, the City of Adelanto will be responsible for providing municipal services including:

- Police Service;
- Fire Service;
- Water Services;
- Sewer Services;
- Street Maintenance;
- Animal Control;
- Parks & Recreational Services; and
- Lighting

Other services including natural gas, electricity, solid waste collection services, public schools, public libraries, cable television, and telephone will be provided by a variety of public and private municipal agencies.

All municipal services were contacted directly by mail, telephone or email to discuss possible impact(s) and necessary mitigations.

4.1 Police Services

4.1.1 Current Level of Service

Police services are currently provided to the annexation area by the San Bernardino County Sheriff's Department. The Sheriff's Department is comprised of over 3,400 employees who staff ten stations which are responsible for serving the unincorporated areas of San Bernardino County and fourteen Cities. The department provides a full range of services which include automotive, criminal intelligence, volunteer forces, specialized investigations, arson/bomb, medical services, narcotics, scientific investigations, specialized enforcement, and more.

The annexation area is currently served by the Adelanto and Victorville Sheriff's stations located at 11613 Bartlett Avenue, Adelanto, CA 92301 and 14200 Amargosa Road, Victorville, CA 92392 which are the closest stations to the Annexation Area IA. The response time within the annexation area ranges from 2.32 minutes to 11.39 minutes depending on the type of call, priority and officer availability. Staffing is shown in Table 4.1: County Sheriff Staff.

TABLE 4.1: SHERIFF STAFF

Staff	Adelanto Station	Victorville Station
Sworn Officers	24	80
General Employees	5	22
Total	29	102





Adelanto South Annexation

4.1.2 Projected Level of Service

Police protection services are provided by contract to the City of Adelanto and Sphere of Influence (SOI) areas by the San Bernardino County Sheriff's Department since 2002. Upon annexation of the proposed territory police service will continue under the City of Adelanto's contract by the San Bernardino County Sheriff Department.

The County Sheriff Department adds new officers based on population increases and must be approved by the City Council. It is recommended by the Federal Bureau of Investigation (FBI) that there is one law enforcement officer per 1,500 residents however the Sheriff Department evaluates each jurisdiction individually. Taking into consideration the maximum number of dwelling units (285) multiplied by the average persons per house hold (3.699), upon build-out of annexation Area 1A approximately 1,054 new residents would be added to the City's population. The City of Adelanto is in the process of moving forward to establish a Community Facility District (CFD) to provide for the establishment and ongoing maintenance cost for future police services.

4.1.3 Additional Services Required

As indicated by Jeffrey Rose, Lieutenant at the San Bernardino County Sheriff, Adelanto Station a new sheriff station is not needed to accommodate the annexation at this time and that new officers to serve the annexation area would be added as necessary and stationed out of the existing Adelanto Station. The City of Adelanto is moving forward to establish a CFD to pay for the incremental cost of providing future officers and equipment.

4.1.4 Projected Costs

Using the FBI's recommended general standard of providing one officer per 1,500 residents Annexation Area 1A may require one additional officer. According to Lieutenant Jeffrey Rose, the cost of providing an additional

officer to serve the proposed annexation area would have an approximate start-up cost of \$19,807 and an annual cost of \$127,000. The start-up cost is comprised of two items including the initial cost to bring on a new officer which is approximately \$2,807 and the cost of a marked sheriff vehicle which is approximately \$17,000. The annual cost of staffing an additional officer including both salary and benefits of approximately \$127,000 added to the start up cost yields a total of \$146,807 for the first year and \$127,000 for every year thereafter.

TABLE 4.2: SHERIFF PROJECTED COSTS

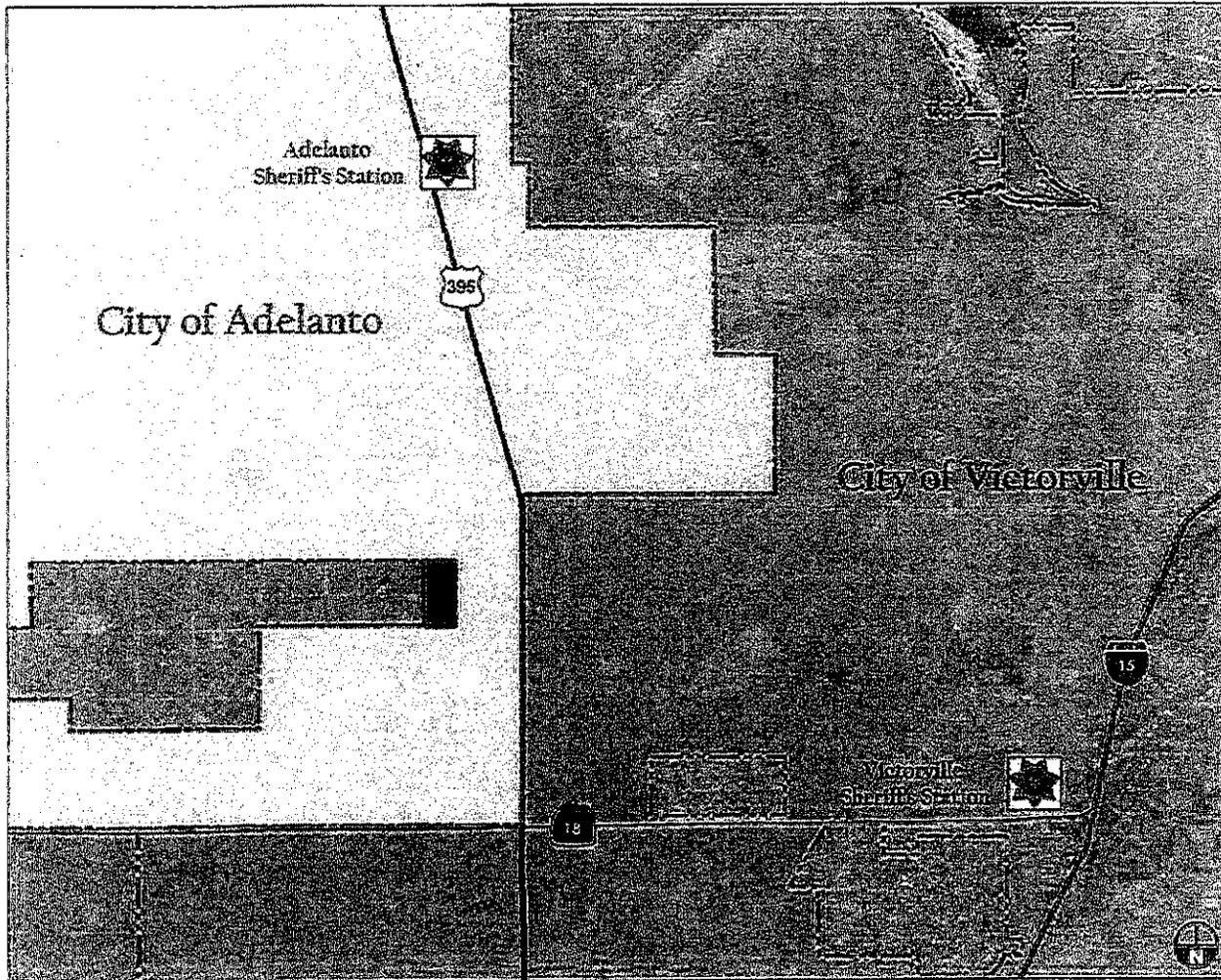
Staffing / Equipment	Cost Per Unit
Officers (1) ¹	\$127,000
Police Vehicles (1)	\$17,000
Start-up Cost Per Officer	\$2,807
Total	\$146,807

Notes: 1 Annual Cost for Officer Salary and Benefits

4.1.5 Timeframe for the Transfer of Services

Upon approval of the proposed annexation police service will become the responsibility of the City of Adelanto provided by contract with the San Bernardino County Sheriff Department.





Legend

-  City of Adelanto
-  City of Victorville
-  Annexation Area 1A
- Existing Sheriff's Stations**
-  Sheriff's Station

EXHIBIT 4.1

EXISTING SHERIFF'S STATIONS

Adelanto South Annexation





Adelanto South Annexation



Adelanto South Annexation





4.2 Fire Services

4.2.1 Current Level of Service

Fire protection services for the City of Adelanto are currently provided by contract with the San Bernardino County Fire Agency. The stations servicing the City of Adelanto are "all-risk" stations which provide comprehensive services that include, fire protection, first responder paramedic, traffic collisions response, hazardous material incidents response and more. The City of Adelanto is serviced by two stations which are located at 10370 Rancho Road and 11741 Hardy Avenue. Each fire station staffs one paramedic engine company crew comprised of three personnel at all times.

Although the San Bernardino County Fire Agency does not have thresholds they strive to reach an average response time of 5 to 6 minutes. Under the current level of service the average response time is 7 to 10 minutes which is above traditionally accepted norms for the department.

TABLE 4.3: EXISTING FIRE STATIONS & PERSONNEL

Location	Fire Personnel
10370 Rancho Road (Station #322)	9
11741 Hardy Avenue (Station #321)	9

4.2.2 Projected Level of Service

Fire services have been provided by contract to the City of Adelanto since September of 1999, there is a total of six Capitan's, six Engineer/Paramedics, and six Limited-Term Firefighters divided among the City's two stations. There is also a mutual aide agreement with the City of Victorville, when additional services may be required for incidents such as vegetation fires. In addition as part of the contract with the County additional county resources are provided on an as needed basis.

TABLE 4.4: FIRE STAFF

Category	Fire Personnel
Fire Captain	6
Engineer/Paramedic	6
Firefighter	6
Total	18

As the annexation would spur additional development, additional fire services would be required. Upon future development in the annexation area an assessment must be made prior to the actual development in order to provide adequate fire facilities. At this time the San Bernardino County Fire Agency is in the process of planning an additional facility at the corner of Mojave Drive and Verbena Road which would serve both the City of Adelanto and the annexation area.

Although the planning of the future station is still in its infancy and a diverse range of services may be provided, typical staffing would require a total of nine personnel, three per shift. The cost associated with building a new fire facility is roughly 4 million dollars which includes land acquisition, facilities



Adelanto South Annexation

and equipment; however the cost may vary depending on specific options and staffing needs.

TABLE 4.5: PROPOSED FIRE STATION

Location	Fire Personnel
Corner of Mojave Drive and Verbena Road	9

The San Bernardino Fire Agency responded to a total of 1,055 calls in the City of Adelanto in 2007, of which the average response time for these calls ranged from seven to ten minutes depending on the type of incident. The incidents ranged from traffic collisions to structure fires.

TABLE 4.6: COUNTY FIRE AVERAGE RESPONSE TIME

Incident Type	10370 Rancho Road (Station #322)	11741 Hardy Avenue (Station #321)
Medical Aid	10:08	7:06
Fire Incident	8:32	9:02
Structure Fire	8:00	7:35

4.2.3 Additional Services Required

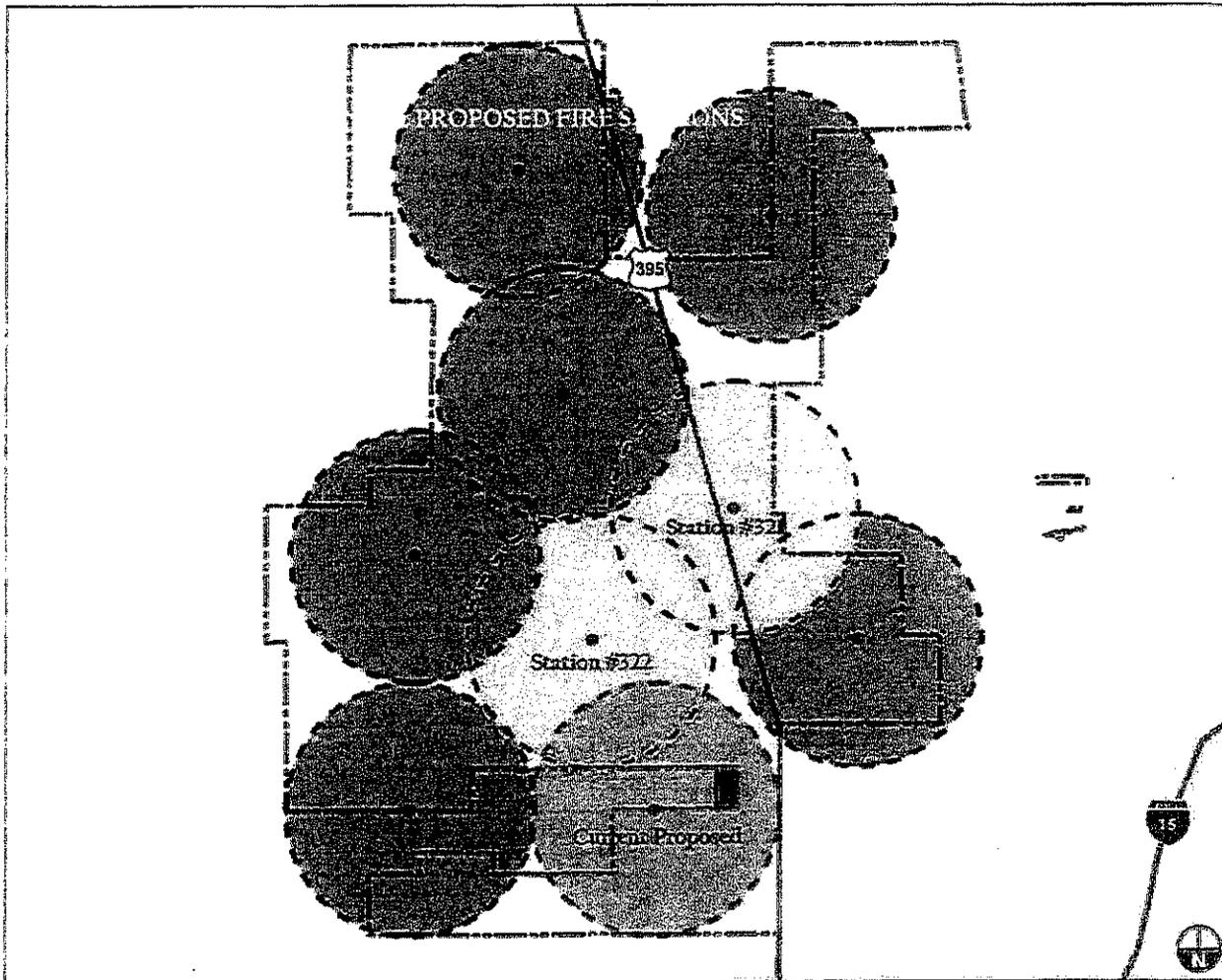
Due to the current level of service additional service will be required upon new development in the annexation area. As previously mentioned the County Fire Agency is in the process of establishing a new fire station which will service both the City and a portion of the annexation area. However the

fire agency will need to make an assessment of their facilities for future development to ensure adequate fire protection. Chief Salvate with the San Bernardino County Fire Agency has estimated an increase of approximately 100 service calls upon build-out of the 81 acre annexation area. These service calls would create a 4% annual increase for the entire City of Adelanto. Although, it is understood that with each new development it places additional burden on fire services, which is why the City of Adelanto is moving forward to establish a CFD to pay for the incremental cost of providing additional fire services.

4.2.4 Timeframe for the Transfer of Services

Upon approval of the proposed annexation fire service will become the responsibility of the City of Adelanto provided by contract with the San Bernardino Fire Agency.





Legend

City of Adelanto

Annexation Area 1A

Fire Stations

1.5 Mile Radius (Existing Station)

1.5 Mile Radius (Current Proposed)

1.5 Mile Radius (Future Proposed)

EXHIBIT 4.2

EXISTING & PROPOSED FIRE STATIONS

Adelanto South Annexation





Adelanto South Annexation



Adelanto South Annexation



4.3 Water Services

4.3.1 Current Level of Service

Water services are currently not provided to the annexation area; water is delivered to this area and stored by individual residents. There are only a limited number of pipelines and other water infrastructure currently provided in the annexation area, however this infrastructure only delivers water to areas within the City's current jurisdictional boundary. The City of Adelanto currently has 242 combined commercial and industrial metered accounts and 6,672 residential metered accounts. The residential meters average a daily use of 600 gallons of water per day and commercial and industrial meters (which include apartment complexes) average a daily use of 1,100 gallons of water per day.

The City of Adelanto currently has several well sites, an inter-tie with the Baldy Mesa Water District and a waste water treatment plant which supplies water to the City. Outlined in Table 4.7: Existing Water Sources, are the City's current water sources and amount of water produced. The City does not have recodes delineating wet, normal, and dry year information on the existing water sources.

4.3.2 Projected Level of Service

Upon annexation the area would be serviced by the Adelanto Public Utility Authority (APUA) who has recently completed their water master plan (December 2007), which includes service and water lines in the annexation area.

The annual water consumption for the City of Adelanto in 2003 was 5,739 acre-feet, in 2004 was 6,179 acre-feet, in 2005 was 6,179 acre-feet, and in 2006 was 6,150 acre-feet; however consumption has been declining freeing up water supply. In 2007 the annual water consumption was reduced to

4,183 acre-feet and according to the City, water consumption is anticipated to continue to decline. The City currently has the ability to produce approximately 6,162 acre-feet of water per year based upon yields from their current water sources. Subtracting out water consumption based on the 2007 water data from the current total water availability this yields a surplus of approximately 2,105 acre-feet of water per year. The City of Adelanto does not purvey water from any surface water sources.

TABLE 4.7: EXISTING WATER SOURCES

Water Source	Volume (gpm)	Volume (gpd)	Volume (af) ¹
Seneca Well (Well 15)	250	270,000 ⁶	302
Turner Wells ² (Wells 4, 5A, 1G, 2G, 5G, 14A)	750	810,000 ⁶	907
Raccoon Wells (Wells 6 & 7)	560	604,800 ⁶	677
Maverick Stadium Well (Well 8A)	350	378,000 ⁶	423
Baldy Mesa Intertic ³	1,000	1,440,000	1,613
Wastewater Treatment Plant ⁴	1,388	2,000,000	2,240
Total	4,298	5,502,800	6,162

- Notes: 1 Volumes are based upon averages acquired by the City of Adelanto
 2 The water acquired from these wells is adjudicated water from the Mojave River Basin
 3 The water is primarily used for emergency purposes
 4 The amounts shown in the table is the anticipated volume by the end of 2007, and is title 22 compliant (Suitable for irrigation purposes)
 5 Acre-Feet per year
 6 Daily yield is based upon runs for 18 hours a day



Adelanto South Annexation

The City of Adelanto understands their current water supply cannot serve the City's long term development potential and is taking three approaches to work towards meeting future water demands by (1) reducing water consumption, (2) exploring new opportunities to acquire water, and (3) increasing water storage capabilities.

The City of Adelanto recognizes that future water supply is not only an issue for the City of Adelanto, but that it is an issue for the entire region. As a result the City is moving forward with measures to not only reduce water consumption for future households but for existing households as well, thus helping to reduce cumulative water impacts for the region. The average household uses a majority of this water to water traditional grass lawns. The Adelanto Public Utility Authority (APUA) has recently adopted a policy which states no turf can be used in both front and back yards of new homes to reduce water consumption, and are working closely with builders to ensure compliance. They also conduct public outreach efforts in the field to help educate residents and builders on how to cut down on water consumption. Additionally, the City is in the process of planning to remove the lawn in front of City Hall and create a xeriscape demonstration garden to further help educate the public on attractive low-water landscape alternatives. Other ideas the City is considering is establishing a stepped rate program for water use and encourage the use of artificial lawns. It is through these efforts the City is working forward to help reduce water consumption of existing residents and to decrease average water consumption of future households in the range of 400-450 gallons per day or .5 acre-feet of water per year.

The City of Adelanto and other municipalities in the High Desert Area rely on water from the Mojave River Basin. The Mojave River Basin has been over-drafted for approximately the last 50 years and a court ruled that any party who pumps more than 10 acre-feet of water per year would have limited and defined pumping rights determined by the watermaster. The

Mojave Water Agency (MWA) who is one of 29 State Water Project (SWP) contractors was appointed as the watermaster to regulate water usage from the basin. The judgment states that rights can be transferred between the affected parties and over-drafting can occur as long as each entity pays a fee per acre-foot of additional water used in order to replenish the water supply (typically water purchased from the SWP). The City of Adelanto currently over-drafts from their adjudicated amount of water from the Mojave River Basin, and upon annexation the amount of water usage will increase with new development. Although additional water supply may be able to be achieved through purchasing additional water from the SWP through the MWA, other more reliable and less expensive long term solutions are being explored as described below. Table 4.8: Future Water Sources outlines the anticipated water sources and associated water yields.

The MWA has recently awarded the design contract for the "super well" site referred to as "R³" to increase future ground water supply in the Mojave River Basin. The R³ project is anticipated to be able to increase the MWA's local water supply by 30,000 to 35,000 acre-feet of water annually to the High Desert Area. According to the MWA the R³ project is anticipated to be completed and operational within the next 3-4 years. Although it is too early in the process to assess the actual cost of transmitting water from this future water source the MWA anticipates the cost will be somewhere around \$400 per acre-foot of water. Upon completion of the project the City of Adelanto is going to work diligently to secure their goal of 15-20% of the water produced from this project.

The APUA and MWA are in the process of constructing a joint water treatment plant to help serve the City of Adelanto, and the APUA is planning to build a new treatment plant between Holly Road and Cassia Road estimated to be completed within the next two years, funded by the City's Development Fees. The water treatment plant is anticipated to treat 1,000 gallons of water per minute initially but may be expanded up to 4,000



gallons of water per minute, to treat water coming from MWA pipeline and the future Cassia well (well 16).

The APUA is also in the process of establishing a new well site in the City near Cassia Avenue, and are projecting a yield of 500 gallons of water per minute. In this area low levels of arsenic have been discovered in the ground water, and the City is prepared to filter the water with the development of a water treatment plant which uses nano-filtration technology to clean the water. The water treatment plant will be able to handle the wells anticipated water yield and safely introduce the water into the City's water transmission system.

In addition to the previously described projects the City has begun discussions with other public agencies to help provide for additional future needs. The City is discussing the possibility of creating a new intertie to connect into the Victor Valley Water District (VVWD) and has also begun to discuss with the State of California to provide new prison facilities in the City with the guarantee of water not only for new prison facilities but additional water to help satisfy future needs for the City of Adelanto.

TABLE 4.8: FUTURE WATER SOURCES

	Volume (gpm)	Volume (gpd)	Volume (af) ²
R ³ (Super Well Site) ¹	11,006	4,017,341	4,500
New Cassia Well (well 16)	500	540,000 ³	605
Total	11,506	4,557,341	5,105

- Notes: 1 The volume is based upon 15% of 30,000 acre-feet of water
 2 Acre-Feet per year
 3 Daily yield is based upon runs for 18 hours a day

It is important for the City to expand their current water storage capacity, an increased storage capacity will help ensure adequate water on peak days and when interruptible water sources are temporarily down. The City has an existing water storage capacity of 16.5 million gallons of water which accommodates 1.5 times max day storage needs and are working towards providing 3 times max day storage needs. The City is currently working on a 5 million gallon water tank and is in the process of planning three more water tanks to help achieve their goal.

The City of Adelanto adopted water connection fees and a supplemental water connection fee to pay for water resources and facilities. The primary and supplemental water connection fees are based on Equivalent Dwelling Units (EDU's). The water connection fee of \$4,010.46 per EDU was established to fund improvements to water supply sources, storage reservoirs, and transmission systems. The supplemental water connection fee of \$1,350 per EDU was established to secure alternative water sources to meet future development needs. However the City is moving forward to adopt a new water connection fee of \$7,796 per EDU in order to more adequately fund future water facilities and infrastructure.

4.3.3 Additional Services Required

Upon the annexation of Area 1A an additional 257 residential unit's will be permitted based upon the increased density of the City's zoning designations for a total of 285 residential units. With the availability of 2105 acre-feet of water in conjunction with the City's new water policies to reduce water consumption down to .5 acre-feet of water per dwelling unit, there is water for approximately 4,210 new dwelling units. The City Engineer for Adelanto, Wilson So indicated that annexation Area 1A will not require additional water services beyond their current capacities and will be able to accommodate the additional residential units. In addition the Mojave Water Agency did not see any additional impacts as a result of annexing the area.





Adelanto South Annexation

4.3.4 Timeframe for the Transfer of Services

The Adelanto Public Utilities Agency will provide domestic water services to the annexation area upon final approval of the annexation application by LAFCO as the area develops.



Adelanto South Annexation

4.4 Sewer Services

4.4.1 Current Level of Service

There are currently no domestic sewer services within the vicinity of the annexation area; as a result existing residences in this area utilize septic systems. There is an existing 12" sewer line that runs along the east boundary of the annexation area along Jonathan Street; however these lines do not service the subject area and only provide service within the current City boundaries.

4.4.2 Projected Level of Service

The City of Adelanto recently updated their Sewer Master Plan, November of 2007. The plan calls out for additional infrastructure which will service the annexation area; the City is looking at providing a 12" trunk line along the northern boundary of the annexation area along Cactus Road in addition to the existing lines along Jonathan Street and Bellflower Street. Upon annexation however this line will not service the subject area and will only provide service for residences within the annexation area.

The City is also in the process of expanding their existing sewer treatment facility located at Auburn Avenue and Arroyo Street. The completion of this expansion is anticipated to be finished by the end of 2008 and according to Wilson So, City Engineer the sewer treatment plant expansion will have enough capacity to accommodate new development within the City and build out of Annexation Area IA. All new trunk lines to be provided within the City including the line projected for Cactus Street are to be funded through Development Impact Fees.

The Adelanto Public Utility Authority (APUA) adopted sewer connection fees to pay for future sewer facilities and infrastructure. The primary and AUPA sewer connection fees are based on Equivalent Dwelling Units

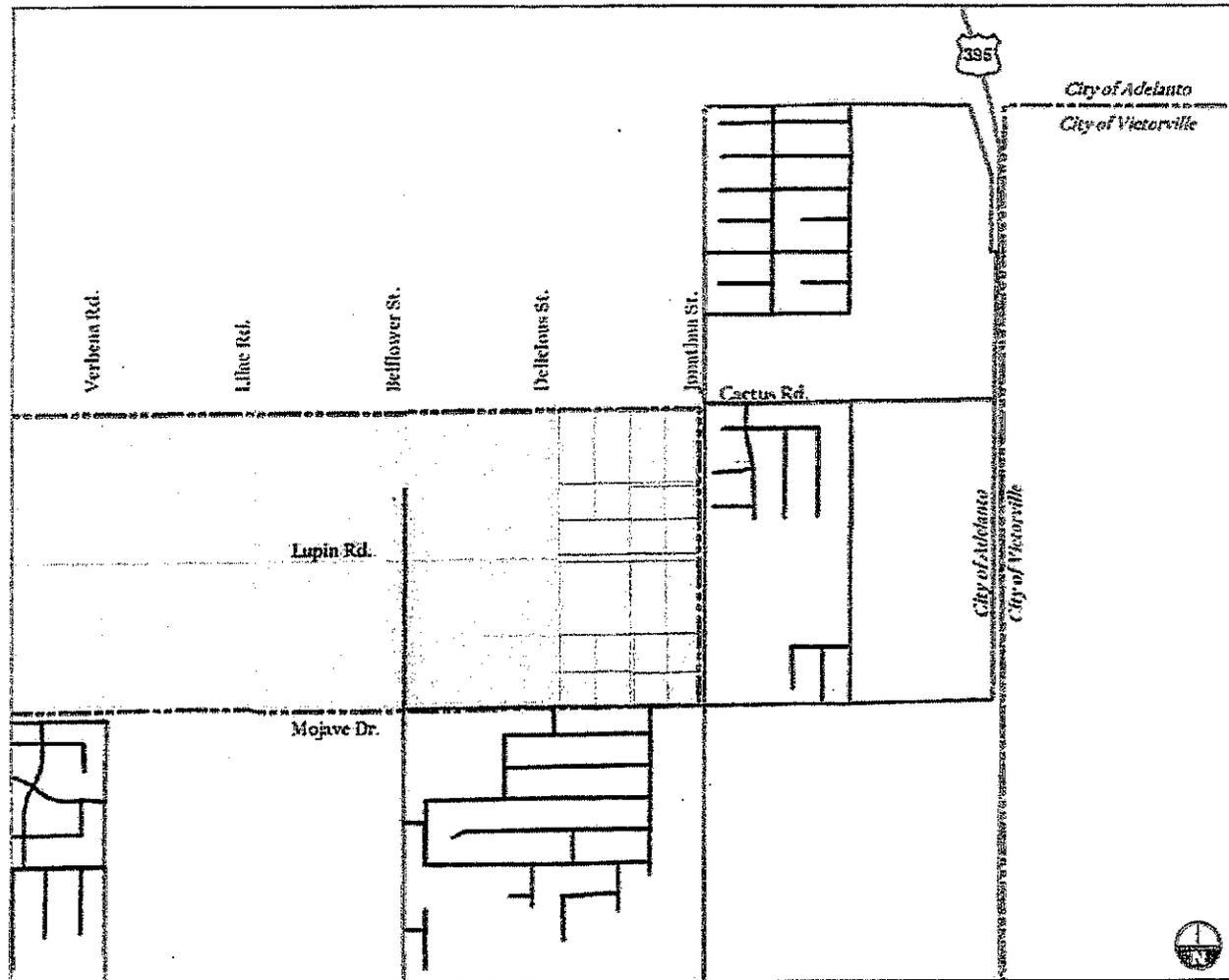
(EDU's). The primary sewer connection fee of \$426.50 per EDU was established to pay for connection to the City's sewer system, trunk lines, lift stations, and sewage treatment. The AUPA connection fee of \$1,785.80 per EDU was established for the development of treatment plants and increased disposal capacities to serve future city needs. However the City is moving forward to adopt a new sewer connection fee of \$3,055 per EDU in order to more adequately fund future sewer facilities and infrastructure.

4.4.3 Additional Services Required

The City Engineer for Adelanto, Wilson So indicated upon annexation of Area IA additional services will not be required beyond those currently planned. Infrastructure other than the trunk lines within the annexation area will be completed upon development and funded by the developer and through sewer fees.

4.4.4 Timeframe for the Transfer of Services

The City of Adelanto will provide sewer services to the annexation area upon final approval of the annexation application by LAFCO.



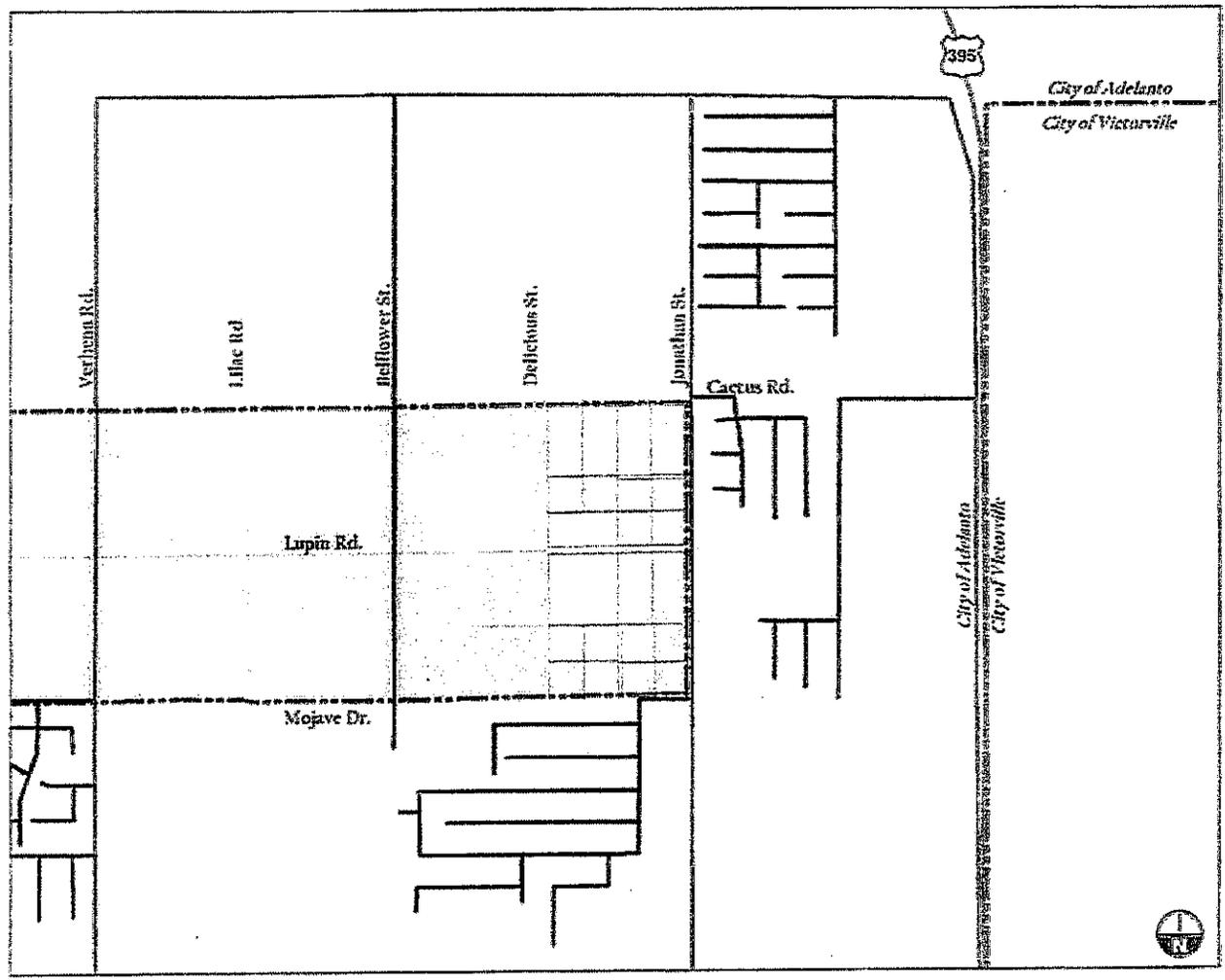
Legend

-  City of Adelanto
-  Sphere of Influence
-  Annexation Area IA
- Existing Water Lines**
-  4-8'
-  8'
-  12'

EXHIBIT 4.3

EXISTING WATER LINES
Adelanto South Annexation





- Legend**
- City of Adelanto
 - Sphere of Influence
 - Annexation Area IA
 - Existing Sewer Lines**
 - 8"
 - 10"
 - 12"
 - 15"

EXHIBIT 4.4

EXISTING SEWER LINES
Adelanto South Annexation





Adelanto South Annexation

4.5 Regional Drainage

4.5.1 Current Level of Service

The San Bernardino County Flood Control District currently provides regional drainage services to the proposed annexation area. Tom Williams, the Right-of-Way Chief at the San Bernardino County Flood Control District has indicated that there are no maintained drainage facilities in or surrounding the proposed annexation area. While there are no facilities within the area, the San Bernardino County Transportation Design Department has identified instances where drainage easements have been adopted by property owners. The purpose of these easements is to ensure that development does not occur in areas of historical flooding without requiring the County of San Bernardino Flood Control District to maintain or improve the drainage facilities in the area. These easements are maintained by the affected property owners not the San Bernardino County Flood Control District.

4.5.2 Projected Level of Service

Upon annexation of the proposed territory the City of Adelanto will be responsible for local drainage control. In 1992 the City of Adelanto developed a regional drainage master plan to depict the drainage channels within the City limits and Sphere of Influence (SOI). As the plan is quite dated, the City has taken the initiative to update their drainage master plan. The updated drainage master plan is scheduled to begin in November of 2007 and is anticipated to be completed in about two years thereafter. The updated drainage master plan will examine drainage flows as they travel through the Fremont Wash across the City of Adelanto's existing boundaries and SOI.

The closest regional drainage facilities to the proposed annexation area is an approximately 175 foot wide unimproved dirt channel that travels north to south across a large portion of the City's existing jurisdictional boundaries. This channel travels through an area located just west of Annexation Area IA. This drainage channel enters the City's SOI at the intersection of Cactus Road and Verbena Road and travels south where it exits the City's SOI and enters the City's existing jurisdictional boundaries at the intersection of Mojave Drive and Lilac Road (see Exhibit 4.5 Existing Regional Drainage)

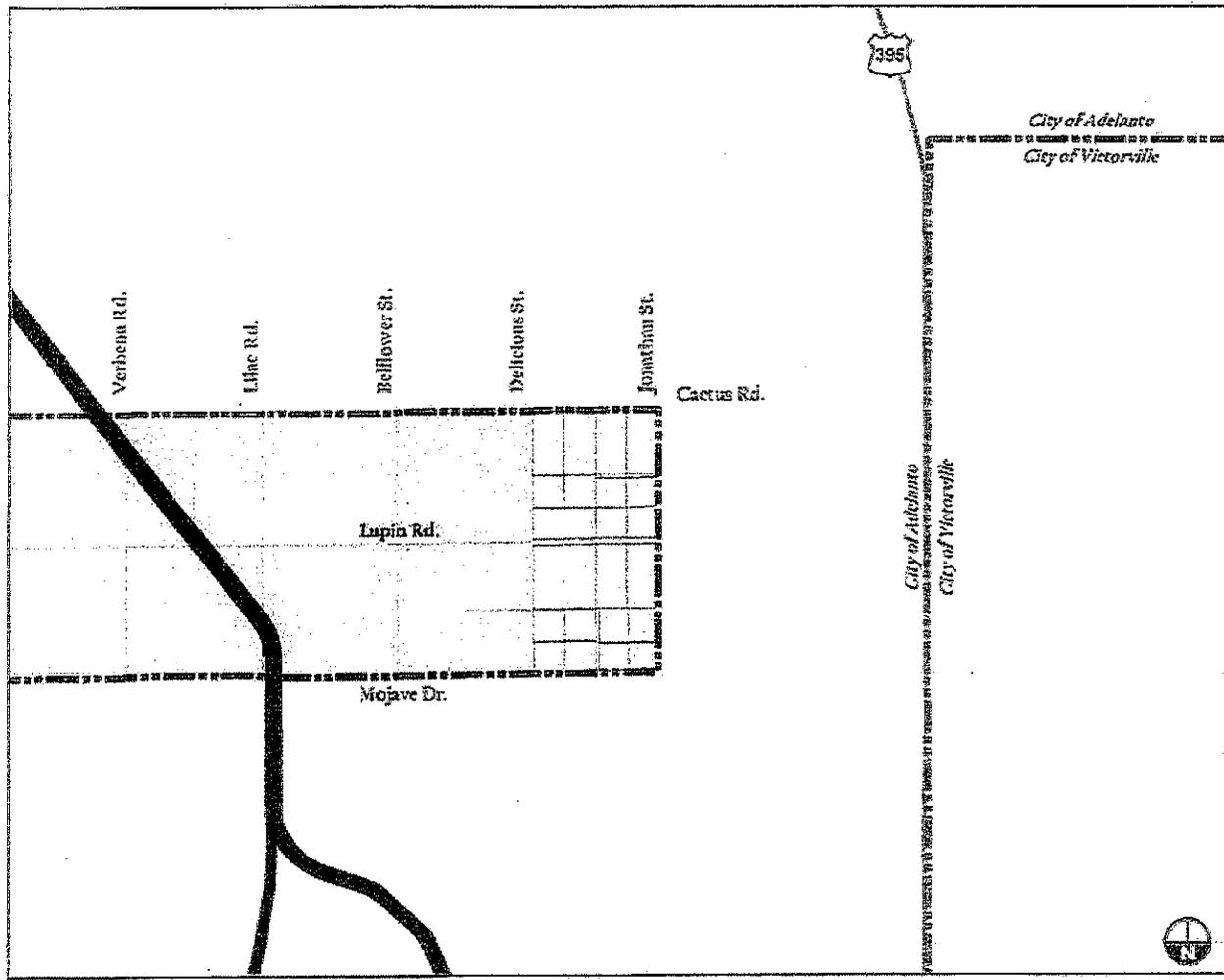
4.5.3 Additional Services Required

No new facilities will be required to provide future regional drainage services to the proposed annexation area. The City of Adelanto requires on-site drainage retention facilities for all new development projects. The individual on-site retention facilities ensure that no additional drainage is generated as a result of development in the area.

4.5.4 Projected Costs

No new costs are associated with this annexation and the provision of regional drainage services to the area. The cost to prepare the updated drainage master plan is approximately \$500,000. Funding for the preparation of the updated drainage master plan will be derived from the City's General Fund.





- Legend**
- City of Adelanto
 - Sphere of Influence
 - Annexation Area 1A
 - Existing Regional Drainage

EXHIBIT 4.5

EXISTING REGIONAL DRAINAGE
Adelanto South Annexation





Adelanto South Annexation

4.6 Natural Gas

4.6.1 Current Level of Service

Natural gas services in the area are provided by the Southwest Gas Corporation. The Southwest Gas Corporation is responsible for providing natural gas services to Annexation Area IA. There are no gas lines currently within the proposed annexation area, residents within the project boundaries currently use individual tanks for their natural gas needs.

4.6.2 Projected Level of Service

The Southwest Gas Corporation does not have gas facilities located within the annexation area. However, there are several lines that run along the north and west borders of the annexation area. There is 4" Polyethylene (PE) line that runs along Cactus Road on the northern boundary of the annexation area. This line extends west from Jonathan Street to the intersection of Cactus Road and Bellflower Street. Furthermore there is a 4" PE line that runs north to south along Bellflower Street.

Kevin Lang, the Engineering Manager with the Southwest Gas Corporation has indicated that the Southwest Gas Corporation does not delineate between zoning requirements for gas planning purposes. In other words, the additional development potential permitted under the City's pre-zoning will have no effect upon the existing and future natural gas services in the area. The Southwest Gas Corporation will extend its service to accommodate future development and work with developers to fund future facilities in the area (see Exhibit 4.6, Existing Gas Lines).

4.6.3 Additional Services Required

The Southwest Gas Corporation has reviewed the proposed annexation including the potential to develop up to 285 residential units and has determined that they have the ability to provide natural gas services to the annexation area. The extension of natural gas services into the area will be dependent upon the rate of development and the ability of developers to fund the costs for extending natural gas pipelines.

4.6.4 Timeframe for the Transfer of Services

The Southwest Gas Corporation will continue to manage the extension of natural gas services into the annexation area upon final approval of the annexation application by LAFCO.

4.7 Electricity

4.7.1 Current Level of Service

Southern California Edison (SCE) currently provides electrical services to the annexation area, the entire unincorporated area of San Bernardino and the City of Adelanto. SCE currently maintains facilities and utility lines in the City and surrounding areas including the annexation area, and currently has transmission and distribution facilities which are interconnected throughout their 50,000 square mile service territory. Due to the interconnectedness of the electrical facilities no specific facility is dedicated to any given area including the annexation area. According to Nancy Jackson, Regional Manager for SCE, they have adequate facilities and electric generation to serve the annexation area. In addition according to SCE's current 10-year load forecast their current plans for new distribution resources would be adequate to serve all existing and new customer loads.



4.7.2 Projected Level of Service

Electrical service will continue to be provided by Southern California Edison (SCE) upon annexation into the City of Adelanto. Upon annexation there should be no noticeable change in electrical service to the annexation area. All rates charged to SCE customers must be approved by the California Public Utilities Commission, and will not change as a result of the annexation.

4.7.3 Timeframe for the Transfer of Services

Services will continue to be provided by Southern California Edison (SCE) upon final approval of the annexation application by LAFCO.

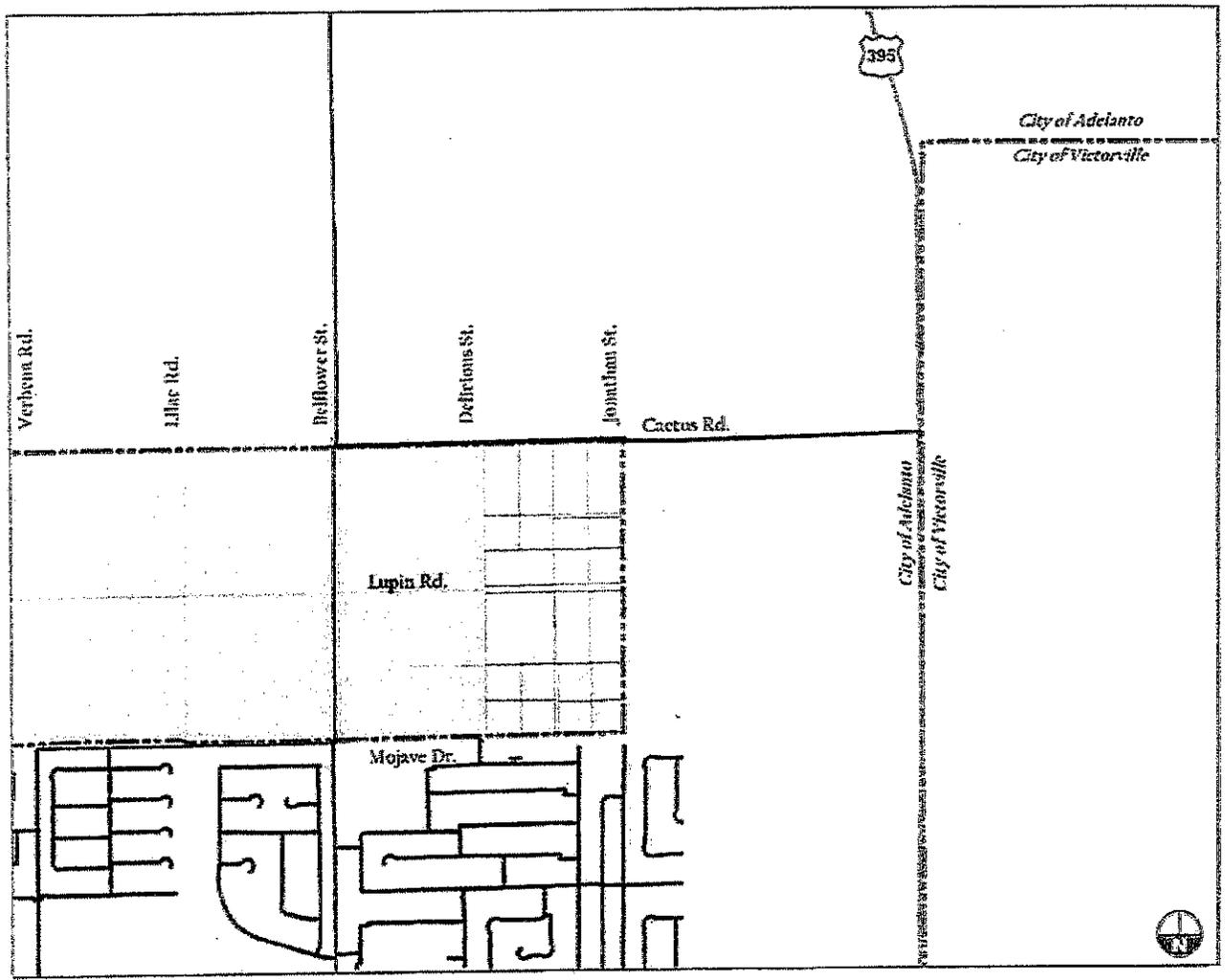


Adelanto South Annexation



Adelanto South Annexation





- Legend**
- City of Adelanto
 - Sphere of Influence
 - Annexation Area 1A
 - Existing Gas Lines**
 - 2"
 - 4"

EXHIBIT 4.6

EXISTING GAS LINES
Adelanto South Annexation





Adelanto South Annexation



Adelanto South Annexation



4.8 Solid Waste

4.8.1 Current Level of Service

Solid waste collection services for the proposed annexation area are operated and administered by Burrtec Waste Industries Incorporated. The County of San Bernardino and the City of Adelanto contract with this private hauler to service their solid waste needs. Burrtec Waste Industries provide various solid waste services to their customers including automated and manual curbside collection, recycling and green waste collection, walk up service, bulky item collection, E-waste collection and more.

Residential customers in San Bernardino County currently pay a monthly fee of \$18.91 to \$22.81 for curbside services depending on the size of the trash container.

4.8.2 Projected Level of Service

Solid waste services will continue to be provided by Burrtec Waste Industries upon annexation into the City of Adelanto. The monthly rate for curbside service is ranges from \$18.91 to \$22.81 (same as existing) depending upon the size of the trash container from 40 to 95 gallons respectively. They also provide a Lifeline rate for low-income, senior citizen and disabled customers of only \$9.63 per month. Upon annexation existing and future residents will be required to contract with Burrtec Waste Industries for their solid waste disposal needs.

TABLE 4.9: SOLID WASTE SERVICES

	Curbside Service
County of San Bernardino	18.91-22.81
City of Adelanto	18.91-22.81
Difference	\$0.00

4.8.3 Additional Services Required

According to Bill Arlington Division Manager for Burrtec Waste Industries the proposed annexation will not have a significant impact on providing solid waste services and that they will be able to service the area upon annexation into the City of Adelanto.

4.8.4 Timeframe for the Transfer of Services

Burrtec Waste will continue to provide solid waste services to the annexation area upon final approval of the annexation application by LAFCO.

4.9 Street Maintenance

4.9.1 Current Level of Service

There are no paved roads within the annexation area; all roads within this area are un-improved dirt roads which are currently not maintained. However the streets segments surrounding the annexation area of Mojave Road and Jonathan Street are paved and Cactus Road is partially paved, providing close access to the City's paved road network. The un-improved



Adelanto South Annexation

public dirt roads are not maintained by the City until they are paved at which point the City will maintain the paved roads as necessary.

In 2006 the City of Adelanto included the annexation area in the 1994 General Plan Circulation Element. Within the updated Circulation Element it designates future arterials, collectors, and local streets within the annexation area.

4.9.2 Projected Level of Service

All streets currently maintained by the County of San Bernardino will be included in the City of Adelanto's overall public street system. The streets will be built and maintained to the City of Adelanto's current street standards on a basis deemed appropriate by the City. New streets would be constructed upon future development of the annexation area.

4.9.4 Timeframe for the Transfer of Services

Upon issuance of the Certificate of Completion for the annexation area, the City will assume full responsibility for all roadways from the County of San Bernardino.

TABLE 4.10: STREETS WITHIN THE ANNEXATION AREA

Street Name	Length (miles)*	Condition	General Plan Circulation Element Classification
Lupin Rd.	0.5	Un-improved	Local Street
Delicious St.	1.0	Un-improved	Local Street

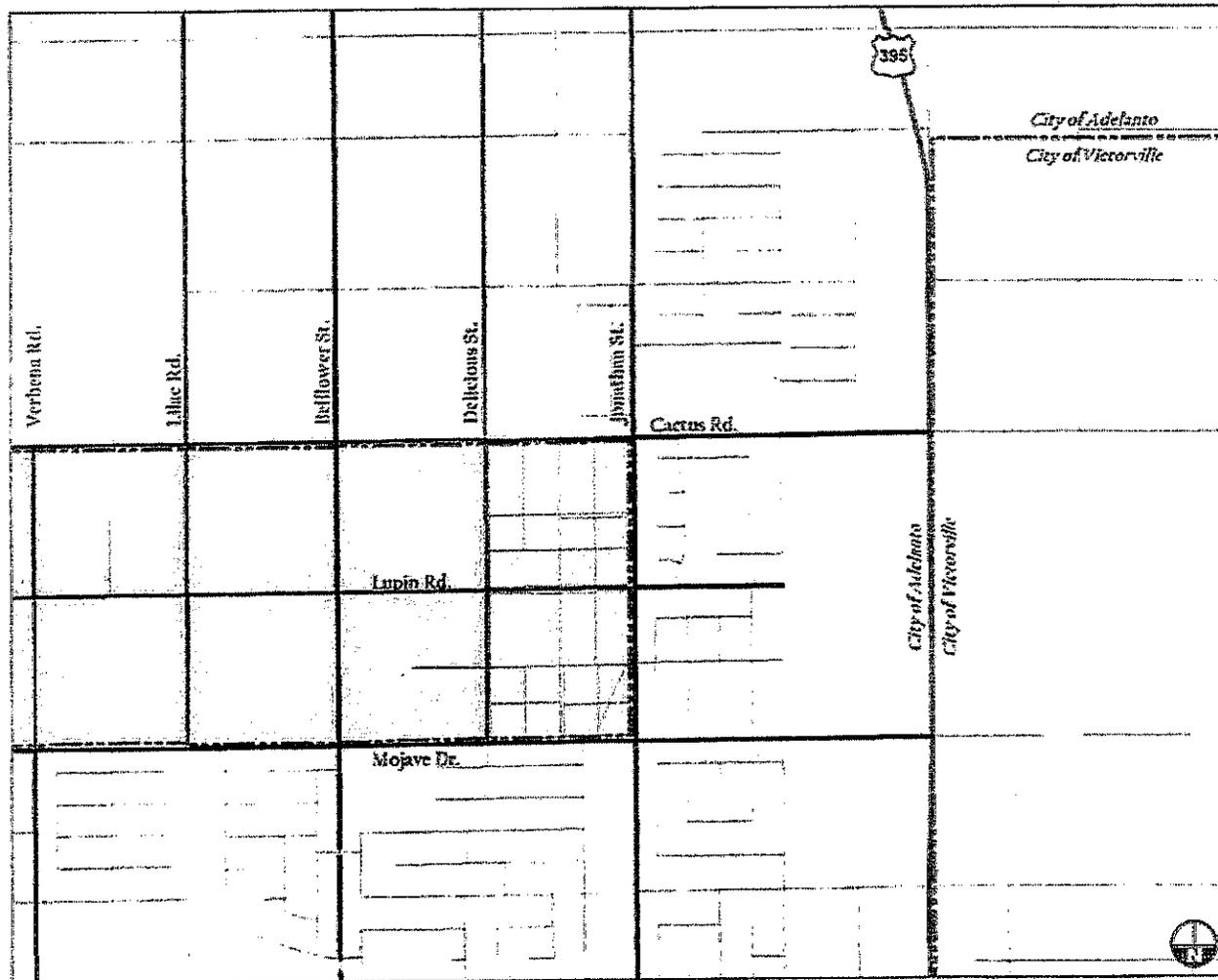
Notes: 1. Length is rounded to nearest 1/10 of a mile

4.9.3 Projected Costs

The City of Adelanto requires developers to pay to upgrade and extend public roads upon development in areas not serviced by paved roads. In addition the City of Adelanto charges a Development Impact Fee (DIF) of \$4,452 per new residential unit for road construction and improvements needed to accommodate the new homes, upon completion of the roads the City takes responsibility for maintenance of the public roads funded through property taxes.

Services Required by the Project





Legend

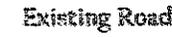
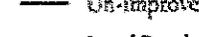
-  City of Adelanto
-  Sphere of Influence
-  Annexation Area IA
- Existing Roads**
-  Improved
-  Un-improved
-  Local Roads

EXHIBIT 4.7

ROADS WITHIN THE ANNEXATION AREA
Adelanto South Annexation





Adelanto South Annexation



Adelanto South Annexation





4.10 Public Parks and Recreational Services

4.10.1 Current Level of Service

While there are no active or passive parks within the Annexation boundaries, the City of Adelanto is in the process of planning a 32 acre park to help address the parkland needs of the City and annexation area. Currently, there are two existing parks within a reasonable driving distance from the annexation area, Sierra Park and Mgridichian Park.

4.10.2 Projected Level of Service

The City of Adelanto Public Works Department is responsible for providing parks and recreational services within the City boundaries. The City of Adelanto has seven (7) parks and active recreational areas scattered throughout the City offering residents a variety of amenities including swimming pools and baseball fields. In total, the City has approximately 32 acres of community parkland. Each park is described in greater detail below.

- Marconi Park – An approximately 8 acre park located at Lee Ave and Casaba Road.
- Howard Park – An approximately 2 acre park located at Jonathan Street and Air Expressway.
- Mgridichian Park – An approximately 15 acre park located at Bellflower Street and Seneca Road.
- Richardson Park – An approximately 6 acre park located at State Highway 395 and Air Expressway.
- Sierra Park – An approximately .6 acre neighborhood park located at Bonanza Road and Daisy Road.

- Community Swimming Pool – Provided by the Adelanto School District located at 11824 Air Expressway.
- Stater Bros. Stadium – The home field of the High Desert Mavericks minor league baseball team. It was built in 1991 and holds 3,808 people located at State Highway 395 and Rancho Road.

Funding for parkland acquisition, development, and maintenance is acquired through Development Impact Fees (DIF's) established by City Ordinance 425 and Ordinance 440.

4.10.3 Additional Services Required

The City of Adelanto has adopted two ordinances, City Ordinances 425 and 440 to establish park Development Impact Fees (DIF's) in order to help bring new development in the City in compliance with the Quimby Act. The City currently has a ratio of 1.15 acres of parkland per 1,000 residents and has increased the amount of parkland for new development through the adopted DIF's to 3 acres of parkland per 1,000 residents. The Ordinances established a \$2,890 fee per new primary or secondary dwelling unit for acquiring, developing, and maintaining parkland.

The City of Adelanto has an average household size of 3.699 residents which would require three (3) acres of parkland for every 270 new households. Since the zoning in the annexation area allows for a build-out of approximately 285 units, the City will be required to provide approximately 1.05 acres of dedicated parkland upon build-out.

4.10.4 Projected Costs

The cost for parkland acquisition and development has been calculated assuming a \$260,000 fee per acre of land acquisition and parkland development provided by the City of Adelanto. Assuming that 1.05 acres of land will be acquired and developed, approximately \$273,000 in funding will





Adelanto South Annexation

be required to meet the City's requirement of three (3) acres per every 1,000 residents. All costs for parkland acquisition and development will be acquired through Development Impact Fees required for new development.

4.10.5 Timeframe for the Transfer of Services

The City of Adelanto will assume full responsibility for managing and maintaining public parkland within the 81 acre annexation area upon final approval of LAFCO.



4.11 Public Schools

4.11.1 Current Level of Service

The annexation area is currently served by two school districts, the Adelanto School District (ASD) which provides elementary and middle schools (Grades K-8) and the Victor Valley Union High School District (VVUHSD) which provides high schools (Grades 9-12). The elementary school which serves the annexation area is Victoria Magathan Elementary School, the middle school which serves the annexation area is Columbia Middle School and the high school which serves the annexation area is Silverado High School.

TABLE 4.11: SCHOOLS SERVING THE ANNEXATION AREA

	School	Address	Principal
Elementary School	Victoria Magathan School	11411 Holly Ln. Adelanto, California 92301	Dr. Mary Thompson
Middle School	Columbia Middle School	14409 Aster Road Adelanto, California 92301	David Grohosky
High School	Silverado High School	14048 Cobalt Road Victorville, CA 92392	Tracy Marsh

4.11.2 Projected Levels of Service

The Adelanto School District and Victor Valley Union High School District will continue to provide public education services to the proposed

annexation area. Victoria Magathan Elementary School, Columbia Middle School and Silverado High School will continue to provide elementary, middle, and high school services to the proposed annexation area. The proposed annexation should have no effect on the boundaries for either school district.

The Adelanto School District (ASD) uses a generation rate of .673 students per household, thus according to the generation rates 285 new residential units would produce 192 new students. The additional students would further impact the elementary school and middle school but would not necessitate the addition of a new school on its own. The school district would use School Fees paid from new development to fund the development of new schools as the area becomes more populated.

To help meet future demand the Adelanto School District is in the process of planning a new elementary school near the annexation area located off of Mojave Drive and Joshua Avenue, anticipated to be completed within the next three years.

The VVUHSD uses a generation rate of .4667 per single family household thus according to the generation rates 385 new residential units would produce 133 new students. According to Shawn Butters with the VVUHSD upon future development additional High Schools will be needed as the current high schools are impacted. The school district will use School Fees from new development to fund new schools as the area develops.

To meet future demand and alleviate the burden of current high schools the VVUHSD is in the process of planning a new high school which will in part serve the annexation area. The district is currently looking at acquiring a site located at the intersections of Mojave Drive, Joshua Avenue and Raccoon Avenue to be named the Adelanto High School. The VVUHSD is also





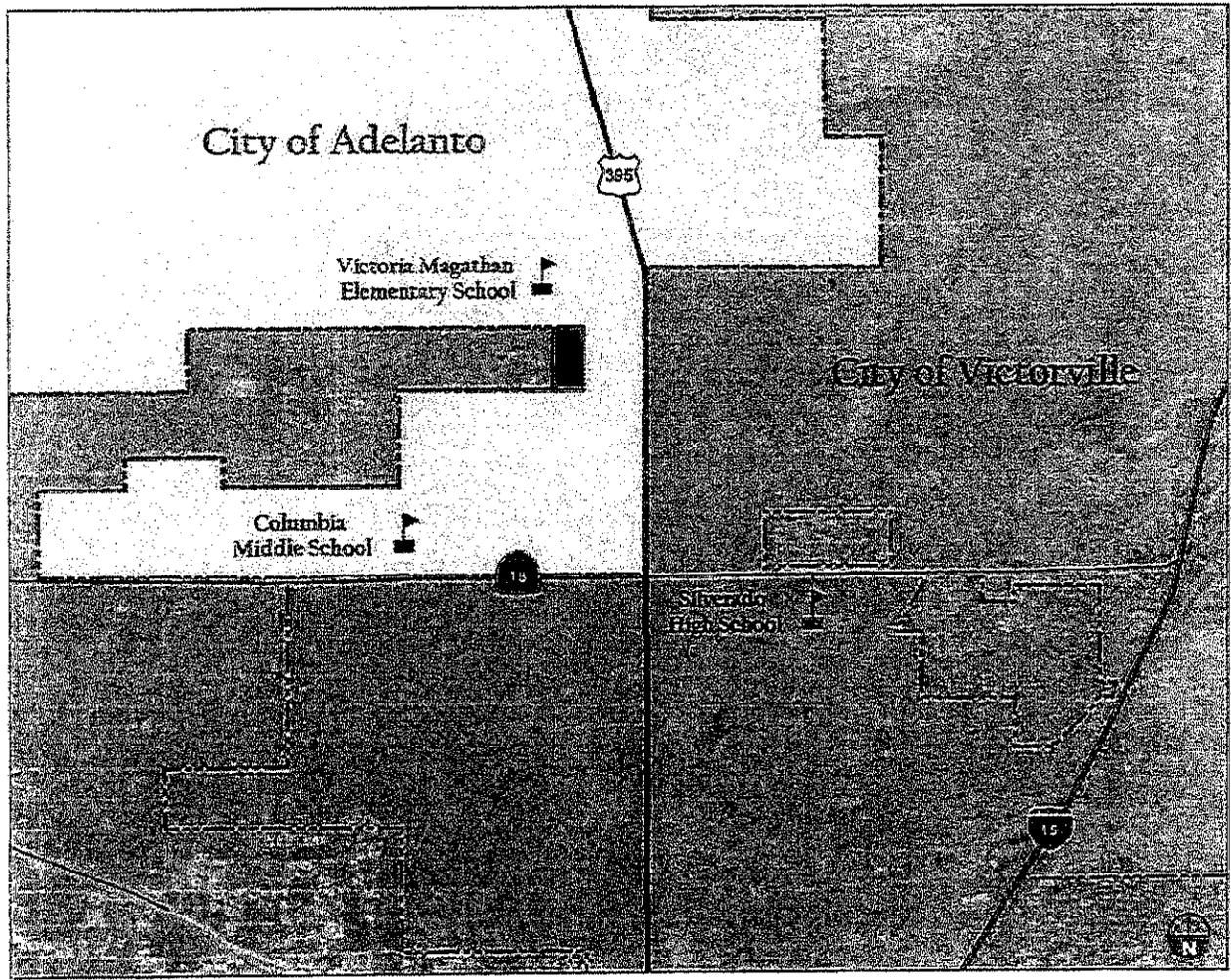
Adelanto South Annexation

planning to move forward with another High School in the next 4-6 years in the Helendale and Oro Grande area.

The Adelanto School District currently charges development impact fees of \$3.51 per square foot of new residential development and \$0.27 per square foot of new commercial and industrial development.

The VVUHSD currently charges development impact fees of \$1.00 per square foot of new residential development and \$0.15 per square foot of new commercial and industrial development.

Exhibit 4.8 illustrates the elementary, middle, and high school service areas as they relate to the proposed annexation boundaries. The school boundaries depicted the exhibit does *not* display the entire boundary for each of the affected schools.



Legend

- City of Adelanto
- City of Victorville
- Annexation Area IA

Existing Schools

- Victoria Magathan Elementary School
- Columbia Middle School
- Silverado High School

EXHIBIT 4.8

SCHOOLS SERVING THE ANNEXATION AREA
Adelanto South Annexation





Adelanto South Annexation



Adelanto South Annexation



4.12 Public Library

4.12.1 Current Level of Service

The proposed annexation area is currently serviced by the San Bernardino County Library System. The San Bernardino County Library System consists of thirty-two (32) branches servicing the entire County area. Including the 4,200 square foot Adelanto Branch Library located at 11497 Barlett Avenue which currently serves the annexation area. The County Library System has adopted a goal of providing .4 square feet of library space per capita, at their current levels they are operating at .16 square feet per capita.

As property values continue to increase in the High Desert Area the library system is able to obtain additional revenue to help achieve their goals as funding for the library system is primarily derived through a .145% property tax. Other minor sources of income include money from State of California, grants, and private donations; however the library system is still struggling to reach their goals. As a result the City of Adelanto has begun to discuss creating a development impact fee to provide for future library facilities.

4.12.2 Projected Level of Service

Library services will continue to be provided by the San Bernardino County Library System upon annexation into the City of Adelanto. Although the County Library System has not reached their goal of .4 square feet of library space per capita, Ed Kieczkowski, the County Librarian indicated the annexation would not have a major impact on the library's current level of service.

4.13 Street Lighting

The City of Adelanto will *not* require existing structures to conform to the City's street lighting standards. Upon annexation, any new development in the area will be subject to conformance with the City of Adelanto's lighting standards.

4.14 Cable Television

Cable Television services are currently provided to the annexation area by Charter Communications. Neal Neiman, a Construction Project Manager with Charter Communications has indicated that they have the capacity to accommodate future development in the annexation area. In addition to providing cable television services, Charter Communications also provides phone and internet services.

4.15 Telephone and Internet

Telephone and internet services are currently provided to the annexation area by Verizon Communications. Paul Elsebusch, Area Engineer with Verizon indicated that they have the capacity to provide services to the annexation area as development in the area occurs.

