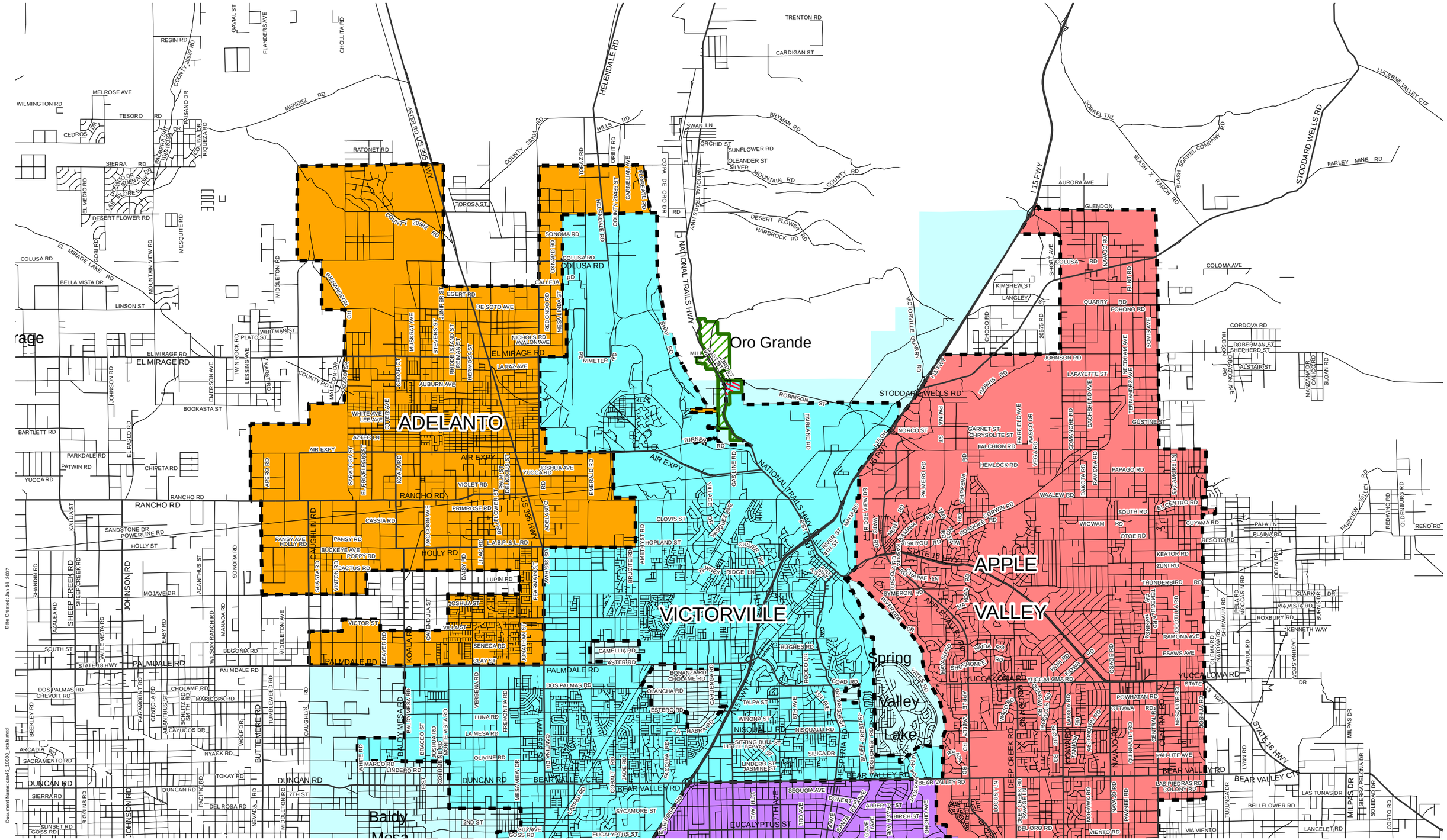

1 inch equals 10,000 feet

LAFCO 3018 - COUNTY SERVICE AREA 42

Map Prepared On: October 17, 2007

Date Created: Jan 16, 2007

Document Name: csa42_10000_scale.mxd

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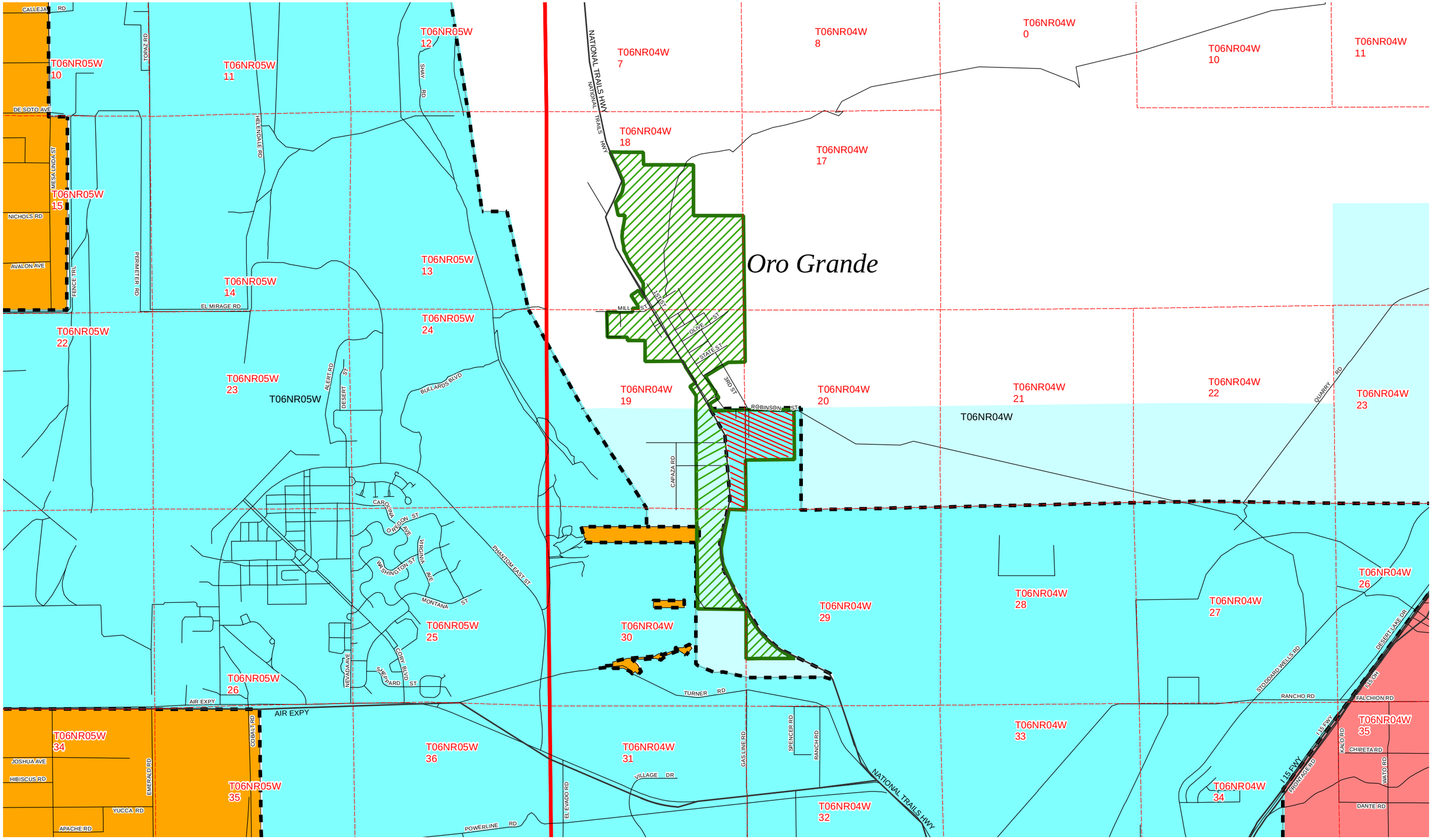

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1 inch equals 2,400 feet

COUNTY SERVICE AREA 42

Map Prepared On: October 10, 2007

Date Created: Jan 29, 2007

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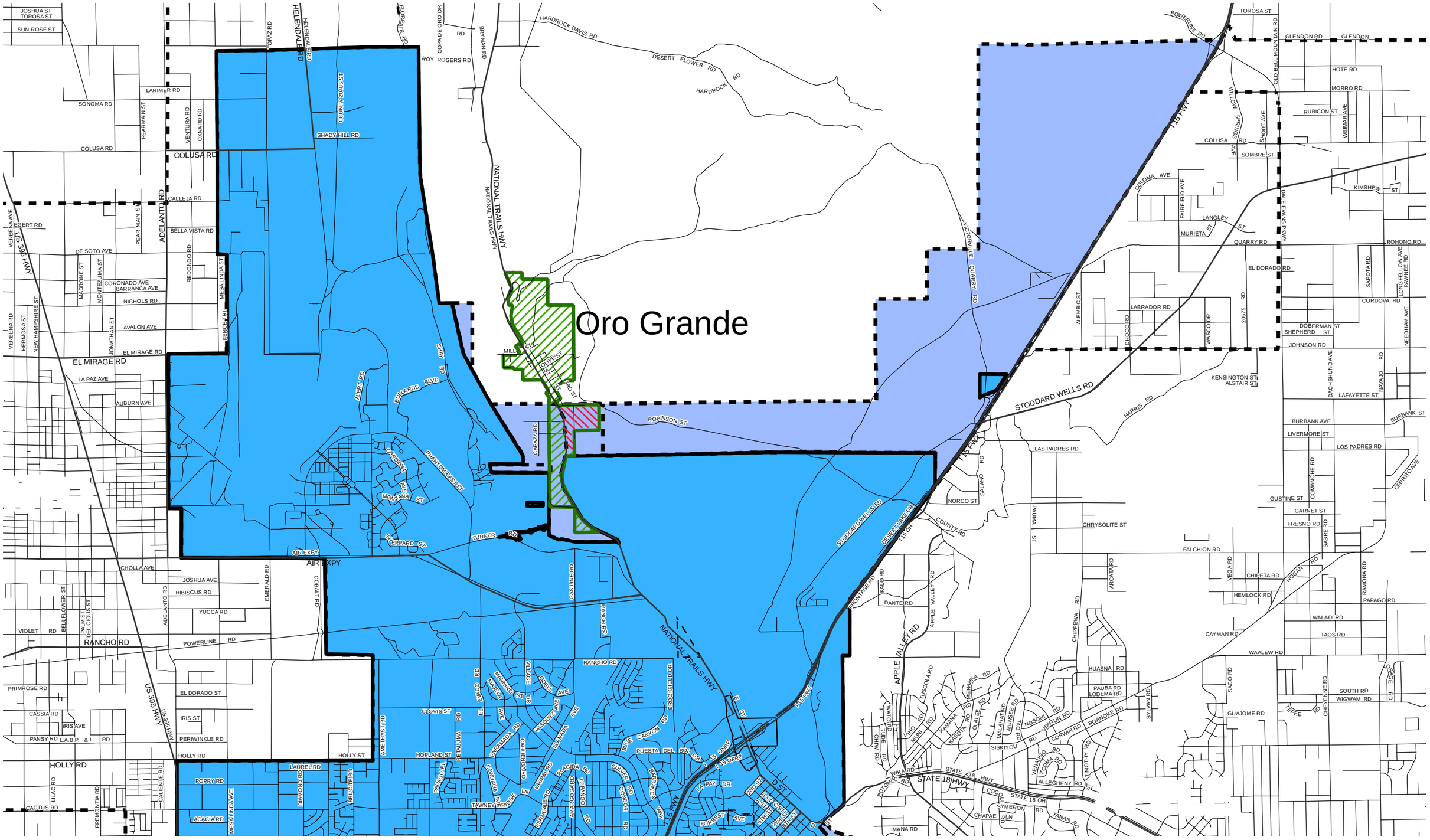

COUNTY SERVICE AREA 42

Map Prepared On: October 15, 2007

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Date Created: Oct 15, 2007

Document Name: csa42_10000_scale.mxd

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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

DATE: **OCTOBER 17, 2007**

FROM: **MICHAEL TUERPE, LAFCO Analyst**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **Agenda Item # 5:** LAFCO 3018 – Service Review and Sphere of Influence Update for County Service Area 42

INITIATED BY:

San Bernardino Local Agency Formation Commission

RECOMMENDATION:

Staff recommends that the Commission approve LAFCO 3018 by taking the following actions:

1. Certify that LAFCO 3018 is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption within five (5) days;

2. Receive and file the municipal service review for County Service Area 42 (CSA 42) and make the findings related to the service review required by Government Code 56430 as outlined in the staff report.

3. Amend the "Rules and Regulations Affecting Special Districts" to exclude solid waste as an authorized power CSA 42 as follows:

DISTRICT	FUNCTIONS	SERVICES
CSA 42 (Oro Grande)	Park and Recreation	Park and recreation
	Water	Water distribution and treatment
	Sewer	Sewer distribution and treatment

Streetlighting Streetlighting

4. Expand the sphere of influence of CSA 42 making its boundaries and sphere of influence coterminous as shown on the maps attached to this report.

5. Adopt LAFCO Resolution #2985 setting forth the Commission's findings and determinations.

INTRODUCTION:

San Bernardino LAFCO has chosen to undertake its Municipal Service Reviews on a regional basis, further identified by its community-by-community approach to sphere of influence identification. LAFCO has completed the reviews for the agencies within the Victorville community with the exception of County Service Area 42 (CSA 42) and County Service Area 64. LAFCO 3018 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence (sphere) update to include a sphere expansion of approximately 65 acres +/- pursuant to Government Code 56425 for CSA 42.

In 1923 the Riverside Cement Company purchased the Golden State Portland Cement Company and the community of Oro Grande was established to house their workers and families. The company maintained the "company town" by providing water, sewer, street lighting, and garbage removal services. In 1965 the Riverside/TXI Cement Company sold the lands, parcels, and homes to its workers. At that time, CSA 42 was formed and the municipal services were transferred to it. Riverside/TXI Cement was included within the boundaries of CSA 42 to help continue to finance these services through its taxes.

CSA 42 is a dependent special district governed by the County of San Bernardino Board of Supervisors and is currently authorized to provide water, sewer, recreation and park, street lighting, and solid waste services. However, according to the information provided by the County Special Districts Department, it has not provided solid waste services since FY 1998-99. To date, Special Districts Department cannot provide information that identifies the reason for ceasing the operation of the rubbish disposal facility in FY 1998-99.

BOUNDARIES:

CSA 42 is located in the north desert portion of the County and is generally east of the Mojave River, east and west of National Trails Highway, and generally north of the City of Victorville, encompassing the community of Oro Grande. The southern portion of CSA 42 is within the sphere of influence of the City of Victorville and its subsidiary district, the Victorville Water District. However, it is not within the Victorville Fire Protection District, Victorville Recreation and Park District, or Victorville Sanitary District, as the Commission has determined these entities have a zero sphere. Vicinity and location maps are included as Attachment #1.

The boundaries of CSA 42 extend beyond its sphere of influence to the east, as indicated by the red hatch mark area shown on the maps. The existing boundaries of the CSA 42 encompass approximately 493 +/- acres and its existing sphere encompasses approximately 428 +/- acres. This area not within its sphere but within its boundaries encompasses approximately 65 +/- acres and is included within the City of Victorville and two of its subsidiary districts, the Victorville Recreation and Park District and Victorville Fire Protection District. At the March 2007 hearing, the Commission adopted a zero sphere of influence for these subsidiary districts and indicated its position that these districts should be consolidated with the City of Victorville, presuming that the City would then assume responsibility for providing the full range of services. The area is generally bordered by National Trails Highway on the west, Robinson Street on the north, parcel lines on the east, and section lines on the south. As discussed later in this report, staff recommends an expansion of CSA 42's sphere to include this area to make its sphere and boundaries coterminous.

MUNICIPAL SERVICE REVIEW

The County's Special Districts Department responded to LAFCO's request to prepare a service review, as required by Government Code 56430, and its overall response includes the sphere amendment area, as it already receives and benefits from services provided by CSA 42. The response and supporting material are included as Attachment #2 to this report and are briefly summarized in the pages that follow.

Infrastructure Needs and Deficiencies

During 2000 and 2001, the County Special Districts Department commissioned focused studies of the water distribution system and sewage collection system in conjunction with a grant application to the United States Department of Agriculture (USDA) to receive funding for facility expansion and improvements. The grant funding was never received but the findings of the report are still applicable. Additionally, the water projects were submitted to the California Department of Public Health, Division of Drinking Water and Environmental Management for Proposition 50 funding. The projects were not eligible for funding in the first two rounds of grant distributions but are eligible for consideration in the next funding round to take place in FY 2008-09. The conclusions of the studies conducted by Engineering Resources of Southern California indicate a number of facility improvements in addition to facility expansion are needed to resolve deficiencies in the systems. The results and recommendations of the studies are included in the remainder of this report.

Water

The most significant regional issue is future water supply. The high growth rate in the region, coupled with a continued overdraft of the groundwater basin, which is the primary source of supply, is an infrastructure deficiency. The groundwater basin is adjudicated

under a stipulated judgment that specifies the amount of groundwater that can be extracted by major groundwater producers (those using over 10 acre feet per year), the purpose of which is to balance water supply and demand and address the groundwater overdraft. The groundwater basin is adjudicated and over-drafted, and future supplies are limited, requiring water purveyors to scale back consumption annually, to aggressively promote water conservation measures, to buy more expensive imported water and to develop new supplies.

Currently the district has rights to or has purchased water rights to assure 465 acre-feet (AF). CSA 42 is within the Alto sub-region, and FPA is currently at 60% of Base Annual Production, which permits the district 279 AF of FPA for FY 2007-08. As noted in the most recent Watermaster Annual Report, "further rampdown is not warranted in Alto at this time" (Ch 5, pg 32) [1]. Producers are required to replace any water pumped above their Free Production Allowance (FPA) by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. The historical trend for CSA 42's water production indicates little variation with less than half of its FPA being produced. Thus, it does not have a replacement water obligation. As indicated in Table 1, for FY 2004-05 CSA 42 had 179 AF of unused FPA. It transferred this amount to other agencies as follows: 50 AF each to CSA 64, CSA 70J, CSA 70L, and 29 AF to CSA 70C. As noted in the Watermaster Report in Appendix E, these transfers were made only for the satisfaction of makeup water obligations incurred during FY 2004-05. Transfer data for later years is not yet available. Staff is unaware if CSA 42 was paid as a result of these transfers.

The sub-region does have a replacement water obligation and this obligation is anticipated to increase. The watermaster purchased about 8,200 AF for replacement obligations in 2006 and expects it to be as high as 16,500 AF in 2007. Given current rampdown amounts and pumping projections, replacement water obligations and thus supplemental water purchases could reach 30,000 AF by 2009 or 2010. All the agencies pay a share of the watermaster's replacement (makeup water obligation). The makeup water obligation sharply increased for FY 2005-06, when CSA 42 paid $1,567. The previous three years it paid a minimal amount or had no obligation (13th Annual Watermaster Report). Even if CSA 42 continues not to exceed its FPA, its makeup water obligation is anticipated to more than double by 2009 or 2010.

[1] 13th Annual Report of the Mojave Basin Watermaster, dated April 1, 2007, setting forth the activities and determinations of the Watermaster for Water Year 2005-06.

Table 1. CSA 42 Water Production and Water Obligations
(units in acre feet unless otherwise noted)

	Free Production Allowance (FPA)	Verified Production	Unused FPA or Transferred FPA	Replacement Water Obligation (CSA 42 overdraft)	Makeup Water Obligation (Watermaster replacement to the Alto sub-basin)
FY 2002-03	349	119	230	$0	$0
FY 2003-04	326	125	201	$0	$19
FY 2004-05	303	124	179	$0	$0
FY 2005-06	279	115	164	$0	$1,567
FY 2006-07*	279	N/A	N/A	N/A	N/A
FY 2007-08	279	--	--	--	--

source: Mojave Basin Watermaster annual reports dated April 1, 2004 (for FY 2002-03 activity) through dated April 1, 2007 (for FY 2005-06 activity)

* FY 2006-07 production data not available until April 2008

The water source for CSA 42 is groundwater from four wells lying along the Mojave River, from which water is pumped and transported through four miles of pipelines within the distribution system, to a 246,000 gallon storage tank. The storage tank serves the entire CSA 42 area and is located less than one-half mile east of the district's boundaries in Section 20 and is in close proximity to the developed portion of the district. As indicated in the 2002 Water Distribution System Report, the County Fire Department stipulates that there must be a supply of 750 gallons per minute (gpm) for two consecutive hours, for a total of 90,000 gallons, for fire flow purposes. The Department of Health Services requires a water system to have enough storage capacity for maximum day consumption, which based on four years of data is 220,000 gallons. If power is lost to the system, the system should have sufficient storage to supply the system consumption for 24 hours and the fire flow for a two-hour duration. That makes a total storage requirement of 310,000 gallons. The existing reservoir capacity is only 246,000 gallons; therefore, the system does not meet required storage. In addition, there is no back-up reservoir or inter-ties with other agencies. The district would have to rely on a pump truck in the event of an emergency.

CSA 42 has experienced a loss of water production from Wells #1, #2, and #3 due to the water table dropping in the area. Each year the production has declined. Well #1, which had once produced 600 gpm in 1954, now ranges from 200 gpm in the winter months to 60 gpm in the summer months. Well #4 was rehabilitated in May 1998 and produces around 50 gpm at a pumping level of 90 feet. The well was intended to be a back-up well that would supply 28,000 gallons per day (gpd). At this time, the existing wells are producing sufficient amounts to supply the existing customers, but would have difficulty serving their customers in the summer months if one of the wells went out of service. Additionally, the Water Distribution System Report indicates that in the summer, the wells must run around the clock to produce 295,200 gpd. This however, does not comply with the Department of Health Services standard that mandates the ability to supply the consumers with the largest well out of service. If the largest well was out of service, only 208,800 gpd could be produced and this falls short of the maximum daily demand of 220,000 gallons as stated above.

Water service consists of 126 active connections with the number of new connections projected at zero during the fiscal year of 2007/2008. As shown in Table 2, water connections have been relatively static over the past ten years.

Table 2. CSA 42 Water Connections by Year

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
128	126	126	130	128	130	129	127	126	126	126	126

The service review response submitted by Special Districts Department in 2005 refers to CSA 42's annual report and states that a moratorium was declared on new water connections until system capacity increases. Since that time, Special Districts Department has indicated that the moratorium is no longer in effect, as it now meets daily demand. However, Special Districts Department could not produce records of the moratorium as to when it was instituted, when it was lifted, and by what agency.

The adverse effect of the drought on the basin's water table and the lack of inter-ties with any agency require the infrastructure expansion projects listed below to sustain the day-to-day operations and to improve the quality of water delivered to the customers in the district's service area. All of the projects were submitted to California Department of Public Health, Division of Drinking Water and Environmental Management for Proposition 50 funding. As stated earlier, these projects are eligible for consideration in the next round of grant funding.

- *Addition of a New Well* – estimated cost $230,000 - $260,000
- *Addition of a Back-up Reservoir* – estimated cost $255,000
- *Replacement of Steel Water Lines on State and Golden Streets* – estimated cost $108,000

- *Existing Tank Re-lining* – estimated cost $35,000

Sewer

Special Districts Department staff estimate that about 95% of the sewer system serving the community was constructed in 1924 and the remaining 5% was constructed in 1973. Aware that a section of sewer pipeline known as "Alley Number 5" was under private property with no easement access, video inspections conducted in 1996 and 1997 within the section indicated the sewer line was in very poor condition. Since that time, no upgrades or repairs have been made to this section of pipeline. According to Special Districts Department staff, the remainder of CSA 42's pipeline is in good condition.

In January 1984, the Regional Wastewater Reclamation Facility went into operation. The facility was constructed with funds derived from Federal and State clean water grants and local share taxes. This facility provides interceptor capacity and wastewater treatment and disposal for the Town of Apple Valley, Hesperia County Water District, CSA 42, CSA 64 and the Victorville Sanitary District.

CSA 42 sewer service consists of 249 equivalent dwelling units (EDU) comprised of the following: 108 active residential customer accounts; 8 inactive residential customer accounts; and 10 accounts that are multiple EDU accounts. CSA 42's new EDUs are projected at zero during the fiscal year of 2007/2008. As shown in Table 3, sewer service has remained relatively static within its boundaries. According to Special Districts staff, a few voluntary disconnections have occurred since 1999.

Table 3. CSA 42 Sewer (equivalent dwelling units) by year

1999	2000	2001	2002	2003	2004	2005	2006	2007
253	250	251	250	249	249	249	249	249

The materials submitted for this review and its most recent sewer collection report do not identify sewer infrastructure expansion projects. The items listed below are replacement improvements that are needed to repair the sewage pipeline in Alley Number 5. As mentioned earlier, sewer improvement projects were submitted to USDA for grant funding, but the projects did not receive any funding. Future funding for these projects have not been identified. Access to the existing sewer line is very limited and only part of the line is actually within an alley with the remainder beneath residential and commercial properties. CSA 42 does not have any easements or rights of ways above the line, therefore repairing or replacing the sewage line with minimal disturbance to the surface structures would be the most favorable option.

- PVC Lining 680 feet of 8-inch Sewer Collection Line
- Pipe Bursting 680 feet of 8-inch Sewer Collection Line
- Lining 680 feet of 8-inch Sewer Collection Line

- Lining Sewer Manholes – Four in total
- Design Criteria (sloping and gravity flow)

Park & Recreation Services

All projects are submitted for Community Development Block Grant (CDBG) funding through the U.S. Department of Housing and Urban Development (HUD). The community center is currently being upgraded with a new roof and heating, ventilation and air conditioning units to the building provided through CDBG funds. New lights and sprinkler system for the ball field are in the planning stage and have been awarded State grant funds (Proposition 40 – Clean Air, Clean Water, and Safe Parks) totaling $100,000. No additional plans for recreation and park infrastructure are anticipated.

Streetlighting

The budget for CSA 42 indicates that it maintains 30 streetlights. LAFCO staff has, however, verified with Southern California Edison that CSA 42 maintains 39 streetlights.

Growth and Population

The service area consists of 493 acres, 106 dwellings and had a 2002 population of 422. Historical trends indicate little growth within this area, according to water and sewer connections in Tables 2 and 3, Special Districts Department staff, and the County's General Plan land use designations. This annual growth rate is considerably lower than the cities of the North Desert region's overall growth rate. Furthermore, given the resources and land uses within CSA 42, the community of Oro Grande cannot support the type of growth the North Desert has experienced.

Financing Opportunities and Constraints

The Special Districts Department submitted the budget and audit for CSA 42 as part of the service review. According to CSA 42's most recent audit for FY 2005-06, it is primarily funded through customer charges (totaling $201,258) and property taxes ($14,475). At year's end, CSA 42 had net assets totaling $621,312 (increase of 15%). However, not all of CSA 42's operating funds ended the year with a positive gain.

The governmental funds, which account for park and streetlights, received $13,738 in property taxes and $10,452 in customer charges. Funding for park and recreation services receive ad valorem property tax, state grants and rental fees. For the year, the funds for park and streetlights combined decreased 17%. Additionally, year-end estimates for FY 2006-07 indicate that CSA 42 expended 3.1% more than incoming revenues. Generally, a decrease in an agency's net assets is a concern for the future financial health of the organization. CSA 42 has a relatively small revenue base to draw from and operating expenses exceed their income. In this case, CSA 42's net assets are not decreasing but its funds for streetlights and park and recreation continually operate at a loss. Grant research is continual by the Special Districts Department and

all recreation and park capital projects are submitted for CDBG funding. As indicated above, CSA 42 has received or been approved funding for park and recreation projects. However, CDBG funding is a one-time distribution and CSA 42 would still have the obligation for ongoing maintenance and operation.

The enterprise funds, which account for water and sewer, received $727 in property taxes and $190,806 in customer charges. Funding for water and sewer services receive operating revenues from water sales, sewer charges, water and sewer connection fees, meter installations, and water and sewer standby charges ($30 an acre per parcel annually each for water and sewer) and incurs expenses from services, supplies, salaries, depreciation and utility costs. For the year, the funds for water and sewer combined increased 23%. CSA 42 has applied for Proposition 50 funding for water and sewer capital improvement projects.

Cost Avoidance Opportunities

As a mechanism to control costs, the County of San Bernardino Special Districts Department consolidates many of the administrative and technical functions necessary to manage water, sewer, park, refuse collection and street lighting services. Therefore, CSA 42 has no direct employees on its payroll; it pays for an annual Full-Time Equivalent of the estimated number of positions necessary to serve it; it pays a proportional share of the administrative costs of the Water and Sanitation Division; and it pays a proportional cost of the administrative functions of the County Special Districts Department. CSA 42 also benefits from grant management being provided by the Special Districts Department.

The Water and Sanitation Division of the Special Districts Department has found the most cost-effective measure for extending the life of the aquifers that provide water to the Districts is through conservation efforts. The conservation message is communicated through handouts and information packets to customers that are made available at no charge to the customer. The Division has increased its participation in the Alliance for Water Awareness & Conservation (AWAC) program. The Division, as an AWAC member, participates in workshops, outreach events, and public education to communicate the conservation message. Another facet of conservation activity by the Division is its long-time participation in the Desert Communities Water Awareness Expo (Expo). The Expo group is also involved with communicating water conservation messages and resources at the Annual Home and Garden Show.

CSA 42 is a member of the Victor Valley Wastewater Reclamation Authority (VVWRA). The VVWRA is a Joint-Powers Agency created expressly for the purpose of treatment of wastewater through a regional facility and the ultimate disposal of effluent and solids. In January 1984, the Regional Wastewater Reclamation Facility went into operation. The facility was constructed with funds derived from Federal and State clean water grants and local share taxes. This facility provides interceptor capacity and wastewater treatment and disposal for the Town of Apple Valley, Hesperia County Water District, CSA 42, CSA 64 and the Victorville Sanitary District. The cost of operating and

maintaining the treatment plant is paid for through the use of user charges which are levied throughout each of the communities on an equitable basis.

Rate Restructuring

The County Special Districts Department, as the administrators of all Board-governed special districts, examines rates annually, provides for a public hearing process for their adoption, and adjusts rates as needed. Rate restructuring has had a significant impact, bringing revenues in line with ongoing district operating costs. Engineering analyses indicate that infrastructure deficiencies are serious and Special District Department continues to analyze rate structures.

Sanitation and water rates are based on the costs associated with operations and maintenance and locally funded capital improvement projects. Sanitation rates per equivalent dwelling unit were $33.12 per month in 2005-06 and $37.09 in 2006-07 (11.99% increase). Water rates increased roughly 10% in 2006/07 and 9% in 2007/08. The current water rates are $1.41, $1.57, and $1.69 for Tiers 1, 2, and 3 respectively. Table 4 provides a comparison of water rates within this general region during 2005-06.

Table 4. Local Agency Rate Comparison (FY 2007-08)

Agency	Flat Rate	Tier One	Tier Two	Tier Three	Monthly Meter Charge (1' Meter)
Apple Valley Ranchos Water Company	1.52	-	-	-	52.65
Baldy Mesa Water District *	-	0.63	0.90	0.98	15.48
Hesperia Water District	-	0.65	0.78	0.96	64.56
Golden State Water Company	2.11	-	-	-	24.05
Victor Valley Water District *	1.08				21.00***
CSA 42 **	-	1.54	1.72	1.85	48.01

* The Baldy Mesa Water District and the Victor Valley Water District were consolidated in 2007.

** Average consumption in CSA 42 is 31 hundred cubic feet of water during a bi-monthly period; cost factors were determined by CSA 42's average consumption and the representative agency fees for a bi-monthly billing.

*** Monthly service charge is based upon how much water is used during the billing period and ranges from $13 to $100. The median charge is $21.

Recreation & Park Service administrative fees are based on costs associated with park operations and maintenance and the management of capital improvement projects. Rental rates of the Community Building depend on the type of function.

Opportunities for Shared Facilities

As mentioned, CSA 42 is a Victor Valley Wastewater Reclamation Authority joint powers authority member and the Regional Wastewater Reclamation Facility provides wastewater treatment and disposal. Additionally, CSA 42 shares resources with other CSAs through the Special Districts Department's Water and Sanitation Division office in Victorville.

Government Structure Options

As described earlier in this report, the southern portion of CSA 42 is within the sphere of influence of the City of Victorville and its subsidiary district, the Victorville Water District. Also, the boundaries of CSA 42 extend beyond its sphere of influence to the east, as indicated by the red hatch mark area shown on the maps. This area is included within the City of Victorville and two of its subsidiary districts, the Victorville Recreation and Park District and Victorville Fire Protection District. At the March 2007 hearing, the Commission adopted a zero sphere of influence for the Victorville Sanitary District, Victorville Fire Protection District, and Victorville Recreation and Park District. The Commission indicated its position that these districts should be consolidated with the City of Victorville, presuming that the City would then assume responsibility for providing the full range of services.

Special Districts Department staff in preparing the municipal service review indicated that there were no consolidations or other structure options available for the operation of CSA 42. While the discussion of some government structure options may be theoretical, a service review should address all possible options. One option would be for the City of Victorville to expand its boundaries to include the whole of CSA 42, whereby it would it would provide the full range of services to the area, ultimately including water, sewer, fire, and recreation and park. However, there is no desire at this time by the City regarding this option.

The other option would be to maintain the status quo. Due to the size and location of CSA 42, the community is best served through the county service area where it can enjoy economies of scale while paying minimal costs for the services received.

CSA 42 can also expand its sphere of influence to include the parcels to the west of its boundaries in order to provide these parcels with municipal services. Six of the parcels along National Trails Highway are currently served water by TXI/Riverside Cement, which has indicated its desire to transfer this service to CSA 42. If CSA 42 is to provide these parcels with water or sewer, it can do so through an out-of-agency service agreement or through annexation. Both options require the area to be served to be within its sphere and are subject to LAFCO approval through a separate application for sphere amendment.

When updating a sphere of influence for a special district, the Commission shall establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i). In the materials submitted for the

service review, Special Districts Department indicated that it has not provided solid waste services since FY 1998-99. Until that time, CSA 42 provided solid waste removal through a contract with Avco. When that contract expired in FY 1998-99, CSA 42 did not renew the contract and Burrtec Waste Industries now provides solid waste removal within its boundaries. Special Districts Department staff could not provide any information as to the reason for not renewing the contract with Avco. LAFCO staff proposed to Special Districts Department the removal of solid waste powers as an authorized function, and Special Districts Department has indicated that it has no objection (Attachment #3, item 3). Therefore, it is staff's recommendation that the Commission remove solid waste as an authorized function for CSA 42, and amend the "Rules and Regulations Affecting Special Districts" to indicate the following as authorized for CSA 42:

	FUNCTIONS	**SERVICES**
CSA 42 (Oro Grande)	Park and Recreation	Park and recreation
	Water	Water distribution and treatment
	Sewer	Sewer distribution and treatment
	Streetlighting	Streetlighting

Evaluation of Management Efficiencies

CSA 42 is supported by Special Districts Department and pays an allocated share for administrative and district staffing cost. CSA 42 budgets are prepared in conjunction with the County's annual budgeting process and are fully compliant with legal requirements and County Administrative policy. The Special Districts Department's Water and Sanitation Division has an office in Victorville. As mentioned, CSA 42 is a Victor Valley Wastewater Reclamation Authority joint powers authority member and the Regional Wastewater Reclamation Facility provides wastewater treatment and disposal.

Action taken on October 16, 2007 by the Board of Supervisors of the County of San Bernardino clarified the appropriation limit for CSA 42 as follows:

Recreation and Park	$ 48,130
Water	$ 261,904
Streetlighting	$ 10,972
Sanitation	$ 203,939

Local Accountability and Governance

The San Bernardino County Board of Supervisors governs CSA 42; it is within the political boundaries of the First Supervisorial District. CSA 42 does not have an advisory commission or council. If meetings are required, they are held with residents in the Oro Grande Community Building. Such meetings include the increase of municipal service rates for reasons other than inflation. When rates are increased due to inflation, residences are informed through a mailed letter. Since the community does not have an advisory council, Special Districts Department staff indicates that the residents within CSA 42 may not be aware of the water and sewer challenges within its boundaries.

Staff found no other factors outlined within Government Code Section 56430 relevant to the municipal service review for CSA 42.

SPHERE OF INFLUENCE REVIEW

Special Districts did not request amendment of its sphere of influence, but LAFCO staff is recommending an expansion of CSA 42's sphere to include territory already within its boundaries. The most recent boundary change for CSA 42 was LAFCO 1895 in 1979 when it annexed 65 acres to the east of National Trails Highway. The reason for the annexation was to include territory that was originally proposed to be included in the district's previous annexation. At that time, there was confusion as to the location of the sphere and the area was annexed without a sphere expansion. Since 1979, the Commission has not considered any action related to CSA 42 until LAFCO 3018. LAFCO staff recommends that the Commission expand the sphere of influence of CSA 42 to include the 65 acres that were annexed in 1979. Expansion of the sphere to include the 65 acres will make CSA 42's boundaries and sphere coterminous and in compliance with LAFCO law. The sphere expansion area is indicated by red hatch marks in the maps included in Attachment #1.

FACTORS OF CONSIDERATION:

The Special Districts Department's response to LAFCO regarding the sphere update includes the sphere amendment area in its overall response, as the area is part of the district already receiving and benefiting from services provided by CSA 42. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

The Present and Planned Uses in the Area

CSA 42 encompasses approximately 493 acres of territory with a population of approximately 422 residents. At present, the land uses of CSA 42 include vacant, mining, and residential land. The majority of the area has current General Plan land use designations assigned by the County of San Bernardino of Regional Industrial and Rural Living. Other land uses include Neighborhood Commercial, Residential Single

(minimum lost size of 10,000 sq ft), and Agricultural (a portion of one parcel, non-agricultural use). While the Regional Industrial designation supports an intense use of the land, the unincorporated balance of CSA 42 does not support an urban intensity of land use.

The proposed sphere amendment area comprises approximately 65 +/- acres and overlays the boundaries of the City of Victorville. The City's general plan indicates that this area is within the City's Southdown Industrial Park Specific Plan. The primary land use allowed is industrial with limited commercial activity. No change in land use for the area will occur through inclusion of the area within CSA 42's sphere. As previously mentioned, it is within the boundaries of CSA 42 and currently receives and benefits from services provided by CSA 42.

The information provided by Special Districts states that there are no plans for future development at this time.

The Present and Probable Need for Public Facilities and Services in the Area

CSA 42 provides water, sewer, park and recreation, and street lighting within its boundaries. It is also authorized solid waste powers, but it has not provided this service since FY 1998-99.

Currently, CSA 42 meets the service needs of those within its boundaries. However, the water and sewer systems experience challenges in consistently meeting those needs. To further meet the needs for park and recreation public facilities and services would include renovation of existing facilities and a revitalization of community events, as indicated by Special Districts Department.

The future need for public facilities and services would increase as the population grows. However, CSA 42 is not anticipated to experience significant growth within its boundaries due to historical growth trends and the general plan zoning of the area. If growth is to occur or if the parcels outside CSA 42's boundaries request connection to CSA 42's sewer or water system, expansion and/or repair of the current water or sewer lines would need to occur to accommodate the growth or connection.

Since the sphere amendment area currently receives and benefits from services provided by CSA 42, there is no need for additional facilities or services for the amendment area. The future need for service is not anticipated to change as a result of the proposed sphere amendment.

The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides

CSA 42 provides water distribution and treatment within its service territory. The groundwater basins that serve as the primary water supply are over-drafted, but CSA 42 produces only about half of its free production allowance. The capacity of its facilities does present challenges, however. This system has only one reservoir and does not

have any inter-ties with any other agencies or a back-up reservoir for water storage. Three of the four wells have experienced a decrease in production over the years. Even with decreased production, the wells are producing sufficient amounts to supply the existing customers in CSA 42 at this time.

As a member of the Victor Valley Wastewater Reclamation Authority, CSA 42's effluent is processed at the Regional Wastewater Reclamation Facility. Inspections of a portion of the sewer lines within a portion of the district's boundaries in 1996 and 1997 indicated that the lines were in poor condition. Repairs to the line have not occurred and the condition has deteriorated since that time. However, these problems are limited to certain sewer lines. Special Districts Department staff indicates that the remainder of the facilities are in good condition.

Currently, CSA 42 has sufficient revenue to support the streetlights in the area; however, in recent years a reallocation of the tax base for the area by the Victor Valley Economic Development Authority has had a negative impact on the Park budget causing the depletion of all reserves to fund operations.

The Existence of any Social or Economic Communities of Interest

Social communities of interest include the community of Oro Grande. The majority of the community is addressed by CSA 42's sphere, but the neighboring parcels include residents that identify with the community. CSA 42 also has a large Hispanic population. According to the materials submitted for this review, the promotion of cultural activities should be advanced to cater to the needs of the residents.

Economic interests include the TXI/Riverside Cement Company, which has been in the area since 1923 and was included within the boundaries of CSA 42 during its formation to help finance municipal services through its taxes. According to Special Districts Department staff, many of the residents in the developed portion of CSA 42 either worked or currently work at TXI. Additionally, the City of Victorville and the Victorville Water District overlap the south half of CSA 42's sphere, and the City's boundaries and its subsidiary fire and recreation and park districts overlap a small portion of CSA 42 comprising 65 acres.

ADDITIONAL DETERMINATIONS:

- The Commission's Environmental Consultant, Tom Dodson and Associates, has determined that the municipal service review and sphere of influence modification is statutorily exempt from environmental review. The basis for this determination is that LAFCO 3018 does not have the potential to cause a significant effect on the environment, and therefore does not constitute a project as defined by CEQA. He further states that a decision by the Commission to modify the sphere boundaries is consistent with actual delivery of services and would not result in any potential for significant physical changes in the environment. Mr. Dodson's response is included as Attachment #4.

- The County Special Districts Department consents to the removal of solid waste as an active power for County Service Area 42 (Attachment #3, item 3).

- Legal advertisement of the Commission's consideration has been provided through publication in *The Sun* and through a publication of a 1/8 page legal ad in *The Daily Press*, as required by law.

  In accordance with Commission Policy #27, a 1/8th page legal ad was provided in lieu of individual notice because the service reviews for the community of Victorville in aggregate would have exceeded 1,000 notices. Since the original notice, staff discovered that there was confusion as to the location of the sphere of influence of CSA 42 in a 1979 annexation and the area was annexed without a sphere expansion. Expansion of the sphere will make CSA 42's boundaries and sphere coterminous and in compliance with LAFCO law.

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

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

CONCLUSION:

Staff recommends that the Commission receive and file the municipal review and make the related determinations to the service review, remove solid waste as an authorized function, and expand the existing sphere of influence of County Service Area 42 making its boundaries and sphere coterminous as shown in the maps included in this report.

Attachments:

1. Location and Vicinity Maps
2. Municipal Service Review and Sphere of Influence Information Including Audit Report
3. Letter of Consent from County Special Districts Department
4. Response from the Commission's Environmental Consultant, Tom Dodson and Associates
5. Draft Resolution #2985

MT/

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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

DATE: **NOVEMBER 16, 2007**

FROM: **MICHAEL TUERPE, LAFCO Analyst**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **Agenda Item # 6:** LAFCO 3018 – Service Review and Sphere of Influence Update for County Service Area 42

INITIATED BY:

San Bernardino Local Agency Formation Commission

RECOMMENDATION:

Staff recommends that the Commission take the following actions related to LAFCO 3024:

1. Certify that LAFCO 3018 is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption within five (5) days.

2. Receive and file the municipal service review for County Service Area 42 (CSA 42) and make the findings related to the service review required by Government Code 56430 as outlined in the staff report.

3. Amend the "Rules and Regulations Affecting Special Districts" to exclude solid waste as an authorized power CSA 42 as follows:

DISTRICT	FUNCTIONS	SERVICES
CSA 42 (Oro Grande)	Park and Recreation	Park and recreation
	Water	Water distribution and treatment
	Sewer	Sewer distribution and treatment
	Streetlighting	Streetlighting

4. Expand the sphere of influence of CSA 42 making its boundaries and sphere of influence coterminous as shown on the maps attached to this report.

5. Adopt LAFCO Resolution #2985 setting forth the Commission's findings and determinations.

BACKGROUND:

At the October 24, 2007 hearing, the Commission continued consideration of LAFCO 3018 due to the need for essential County and Fire personnel to attend to the fires within southern California. No change in the recommendation has taken place in the interim. Attached are the original staff report, including a copy of the vicinity and location maps and Draft Resolution No. 2985 outlining the staff's recommendations.

On page 4 of the original staff report, staff indicated that it was unaware if CSA 42 received payment for water it transferred to other agencies. During the interim, information was received for the two most recent water sales: $22,375 for FY 2004-05 transfers and $27,060 for FY 2005-06 transfers. A breakdown is provided in the table below for those years. Data for later years is not yet available.

Transfers for Water Year 2004-05

Transferred to	Amount of Transfer	Revenue Received
CSA 64	50 Acre Feet (AF)	$6,250
CSA70C	29 AF	$3,625
CSA 70J	50 AF	$6,250
CSA 70L	50 AF	$6,250
TOTAL	**179 AF**	**$22,375**

source: Mojave Water Agency. Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments for the 2004-05 Water Year. May 24, 2006.

Transfers for Water Year 2005-06

Transferred to	Amount of Transfer	Revenue Received
CSA 64	75 Acre Feet (AF)	$12,375
CSA 70J	79 AF	$13,035
CSA 70L	10 AF	$1,650
TOTAL	**164 AF**	**$27,060**

source: Mojave Water Agency. Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments for the 2005-06 Water Year. May 23, 2007.

Additionally, the Local Agency Rate Comparison table on page 10 of the original staff report has been updated. The changes to the monthly meter charges, indicated in bold italic, include the 2008 increase for the Victorville Water District Improvement District #2 (formerly the Baldy Mesa Water District), and the meter charges for Hesperia Water District and CSA 42 were incorrectly identified in the previous staff report at their bi-monthly meter charge.

Table 4. Water Local Agency Rate Comparison (FY 2007-08)

(rates measured in hundred cubic feet)

Agency	Flat Rate	Tier One	Tier Two	Tier Three	Monthly Meter Charge (1" Meter)
Apple Valley Ranchos Water Company	$1.52	-	-	-	$52.65
Victorville Water District Improvement District #2 (formerly the Baldy Mesa Water District) [1, 2]	-	0.63	0.90	0.98	***16.43***
Victorville Water District Improvement District #1 (formerly the Victor Valley Water District) [1, 3]	1.08	-	-	-	21.00
Hesperia Water District	-	0.65	0.78	0.96	***32.28***
Golden State Water Company	2.11	-	-	-	24.05
CSA 42	-	1.54	1.72	1.85	***24.01***
CSA 64	-	0.53	0.65	0.70	6.15

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

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

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

A comparison of sewer charges within the general region during FY 2007-08 was not included in the original staff report and is provided below.

Sewer Local Agency Rate Comparison (FY 2007-08)

Agency	CSA 42	CSA 64	Victorville Sanitary District	Hesperia Water District	Town of Apple Valley
Monthly Charge per EDU	$41.24	$23.24	$12.74	$16.39	$16.00

EDU = Equivalent Dwelling Unit

The Local Accountability and Governance section of the municipal service review on page 13 of the original staff report discusses community meetings and the lack of an advisory council for CSA 42. In the interim, a review with Special Districts Department staff indicates that no community meetings have taken place within the past ten years. It remains unclear as to when the last community meeting was held.

Staff will be happy to answer any questions at the hearing.

Attachments:
1. Location and Vicinity Maps
2. Staff Report dated October 17, 2007
3. Amended Draft Resolution 2985