

**Application including
Board of Supervisors Resolution,
Out of Agency Service Contract for
Continuation of Service, and
LAFCO service Review for CSA 17**

Attachment 2

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
BOARD GOVERNED COUNTY SERVICE AREAS
AND RECORD OF ACTION**

March 16, 2010

REVISED

**FROM: JEFFREY O. RIGNEY, Director
Special Districts Department**

**SUBJECT: INITIATE THE APPLICATION FOR DISSOLUTION OF COUNTY SERVICE
AREA 17 (CSA 17) AND APPROVE OUT OF AGENCY SERVICE AGREEMENT
WITH THE TOWN OF APPLE VALLEY**

RECOMMENDATION(S)

Acting as the governing body of County Service Area 17 (CSA 17):

1. Adopt **Resolution No. 2010-48** initiating proceedings and requesting the Local Agency Formation Commission (LAFCO) to dissolve CSA 17.
2. Approve Out of Agency Service **Agreement No. 10-140** between CSA 17, the County and the Town of Apple Valley.

(Affected Districts: First)

(Presenter: Jeffrey O. Rigney, Director, 387-5967)

BACKGROUND INFORMATION

CSA 17 was formed on January 29, 1964 in order to provide streetlighting services to the community of Apple Valley. In 1988, LAFCO considered the proposal to incorporate the Town of Apple Valley (Town). As a result of that action, the majority of the territory within CSA 17 was transferred to the Town along with the majority of the streetlights. The residual area of CSA 17 was within four non-contiguous areas with 47 streetlights within these boundaries. CSA 17 receives a share of the general ad valorem property tax which provides for payment of the utility cost for the operation of the 47 streetlights, which is the District's only authorized service. The County Administrative Office and Special Districts worked with LAFCO to study the potential for reorganization of CSA 17.

On August 11, 2008, LAFCO provided Special Districts with its mandated Municipal Service Review and Sphere of Influence Update. In this Review and Update, LAFCO made several findings that related to the service review for CSA 17: 1) there has not been significant growth within the boundaries of CSA 17; 2) seven of the 47 streetlights maintained by CSA 17 are not within its boundaries; and 3) the ad valorem property tax distribution from the general levy within the current CSA 17 boundaries has increased to an amount more than 1500% higher than necessary to support the 47 streetlights. (This funding anomaly is mainly due to the requirement

Note: See related Board of Supervisors Item#62 of 3/16/10.

cc: w/ resolution
SDD-Rigney w/ agree
Contractor c/o Dept w/ agree
ACR-Acct Pay Mgr w/ agree
EBIX-BPO c/o Risk w/ agree
County Counsel-Messer
LAFCO-Rollins-McDonald
CAO-Amis
File - w/ agree
File - SDD/CSA 17
jr 3/29/10
ITEM 65

Record of Action of the Board of Supervisors
APPROVED (CONSENT CALENDAR)
COUNTY OF SAN BERNARDINO
Board Governed County Service Areas

| | | | | |
|--------|---------------|-------------|---------------|------------|
| MOTION | <u>SECOND</u> | <u>MOVE</u> | <u>ABSENT</u> | <u>AYE</u> |
| | 1 | 3 | 4 | 5 |

Laura H. Welch, CLERK OF THE BOARD

BY _____

DATED: March 16, 2010

**BOARD OF SUPERVISORS
INITIATE THE APPLICATION FOR DISSOLUTION OF COUNTY SERVICE
AREA 17 (CSA 17) AND APPROVE OUT OF AGENCY SERVICE
AGREEMENT WITH THE TOWN OF APPLE VALLEY
MARCH 16, 2010
PAGE 2 OF 3**

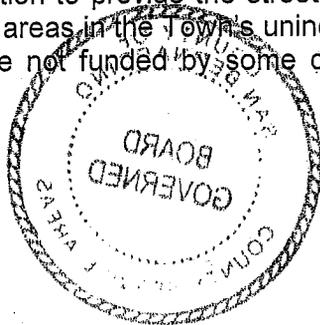
that an incorporation transfer of property tax is based upon the cost of providing the service not the revenues generated within the detaching area). Therefore, CSA 17 continues to receive the residual ad valorem property taxes not transferred to the Town of Apple Valley at the time of its incorporation.

LAFCO's findings resulted in the presentation of three governmental structure options for CSA 17: 1) expand the sphere to be coterminous with the unincorporated area of the Town's eastern and southern sphere; 2) affirm the existing sphere designation indicating there is no need for the CSA 17's services in the balance of the affected area; or 3) designate a zero sphere of influence indicating LAFCO's determination that CSA 17 should be dissolved and its service should be assumed by another agency. Based upon its evaluation, as documented in LAFCO Proposal number 3014 dated October 15, 2008, LAFCO designated a zero sphere of influence for CSA 17 signaling its position that the responsibilities and revenues of CSA 17 should be transferred to another agency—in this case, the Town of Apple Valley.

The proposed dissolution of CSA 17 will result in the transfer of responsibility and maintenance of streetlights it currently serves to the Town. The Town will receive the residual cash balance of CSA 17 and the annual property tax share will be redistributed to the Town as well. The funds will be used by the Town to support the streetlighting function in addition to the many services it provides to the community.

Approval of recommendation number one authorizes the submission to LAFCO of an application for dissolution of the district. State law requires that all formations, reorganizations and dissolutions of County Services Areas must be approved by LAFCO. LAFCO will then review the application and make their determination.

Approval of recommendation number two approves the Out of Agency Service Agreement between CSA 17, the County and the Town of Apple Valley. (This item is a companion item on today's agenda for the County's approval of the Out of Agency Service Agreement.) Pursuant to this Agreement, the County will transfer all assets and records to the Town. This will include a transfer of the residual cash balance as well as a transfer of the current and future annual property tax share and increment. The County Administrative Office, as the County representative, will provide consultative services to the Town at no cost for a period of six months following the dissolution to help ensure a smooth transition. As a part of the land use planning process in the future, the County will require all new development within the Town's unincorporated Sphere of Influence to annex into an assessment district or other funding mechanism to fund the provision of streetlighting services. The Town will immediately assume responsibility for ensuring that all existing street lights continue to be maintained and operated at the same or higher service level until such time as the Town determines they are no longer needed or desired by the community. The Town will use the monies received as a result of the dissolution to provide the streetlighting services in the areas formerly served by CSA 17 as well as any areas in the Town's unincorporated Sphere of Influence as may be necessary in the future that are not funded by some other funding mechanism. The agreement will become effective



**BOARD OF SUPERVISORS
INITIATE THE APPLICATION FOR DISSOLUTION OF COUNTY SERVICE
AREA 17 (CSA 17) AND APPROVE OUT OF AGENCY SERVICE
AGREEMENT WITH THE TOWN OF APPLE VALLEY
MARCH 16, 2010
PAGE 3 OF 3**

upon the date of issuance of the Certificate of Completion for the dissolution of CSA 17 as approved by LAFCO.

FINANCIAL IMPACT

CSA 17 will pay any application and other fees to LAFCO for dissolution from the District's budget. The ad valorem property tax share and increment will be transferred in accordance with California Revenue and Taxation Code Section 99 and the disposition of the residual fund balance shall be transferred to the Town based upon the conditions of approval for the dissolution as outlined in the Certificate of Completion. There will be no impact to the County General Fund.

REVIEW BY OTHERS

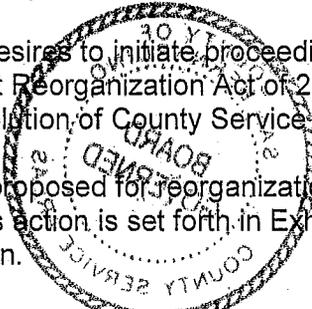
This item has been reviewed by County Counsel (Dawn Messer, Deputy County Counsel, 387-4322) on February 24, 2010; by LAFCO (Kathleen Rollings-McDonald, LAFCO Executive Officer, 383-9900) on February 26, 2010; and by the County Administrative Office (Monique Amis, Administrative Analyst, 387-3828) on February 23, 2010.

RESOLUTION NO. 2010-48

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACTING IN ITS CAPACITY AS THE GOVERNING BODY OF COUNTY SERVICE AREA 17, REQUESTING THE LOCAL AGENCY FORMATION COMMISSION (LAFCO) TO TAKE PROCEEDINGS FOR THE DISSOLUTION OF COUNTY SERVICE AREA 17

On Tuesday March 16, 2010, on motion of Supervisor Biane, duly seconded by Supervisor Mitzelfelt and carried, the following resolution is adopted by the Board of Supervisors of San Bernardino County, State of California.

SECTION 1. The Board of Supervisors of the County of San Bernardino, acting in its capacity as the governing body of County Service Area 17, hereby finds and determines:

- 
- (a) That this Board desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code § 56000 et seq.) ("the Act"), for the dissolution of County Service Area 17 (CSA 17).
 - (b) That the territory proposed for reorganization is legally inhabited and a description of the boundaries for this action is set forth in Exhibit "A", attached hereto, and by this reference incorporated herein.
 - (c) That the proposed dissolution does not conflict with any sphere of influence.
 - (d) That the proposed dissolution shall be subject to those conditions required by the Local Agency Formation Commission of San Bernardino County.
 - (e) That CSA 17, the County of San Bernardino and the Town of Apple Valley entered into an agreement ("Agreement") regarding the transfer of CSA 17 services and assets (including the residual cash balance and annual property tax levy) to the Town of Apple Valley upon dissolution of CSA 17.

SECTION 2. The Board of Supervisors of the County of San Bernardino, acting in its capacity as the governing body of CSA 17, therefore, hereby resolves and orders:

- (a) That this Resolution of Application is hereby approved and adopted by this Board, and the Local Agency Formation Commission of San Bernardino County is hereby requested to take proceedings for the dissolution of CSA 17 in accordance with the Act and Agreement;
- (b) That the Clerk of this Board is hereby directed to transmit a certified copy of this Resolution of Application to the Executive Officer of the Local Agency Formation Commission.

PASSED AND ADOPTED by the Board of Supervisors of the County of San Bernardino, State of California, by the following vote:

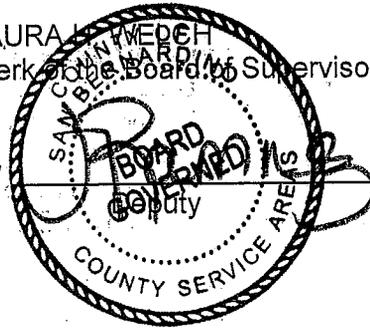
| | | |
|---------|--------------|------------------------------------|
| AYES: | SUPERVISORS: | Mitzelfelt, Biane, Derry, Gonzales |
| NOES: | SUPERVISORS: | None |
| ABSENT: | SUPERVISORS: | Ovitt |

STATE OF CALIFORNIA)
)
COUNTY OF SAN BERNARDINO) ss.

I, **LAURA H. WELCH**, Clerk of the Board of Supervisors of the County of San Bernardino, State of California, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Supervisors, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of March 16, 2010. #65 jr

LAURA H. WELCH
Clerk of the Board of Supervisors

By _____



Justification for Proposal and Preliminary Environmental Description Form

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the proposed project site to allow the Commission, its staff and others to adequately assess the project. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. NAME OF PROPOSAL: Dissolution of County Service Area 17
2. NAME OF APPLICANT: County Service Area 17
MAILING ADDRESS:
157 West Fifth Street, 2nd Floor, San Bernardino CA 92415
PHONE: (909) 387-5940
FAX: (909) 387-5542
E-MAIL ADDRESS: pvandervoort@sdd.sbcounty.gov
3. GENERAL LOCATION OF PROPOSAL: Unincorporated area of Apple Valley
4. Does the application possess 100% written consent of each landowner in the subject territory?
YES ___ NO x If YES, provide written authorization for change.
5. Indicate the reasons that the proposed action has been requested.
Town of Apple will take over energy charges for streetlighting and receive fund balance-funds and property tax funds to be used in the area.
6. Would the proposal create a totally or substantially surrounded island of unincorporated territory?
YES ___ NO x If YES, please provide a written justification for the proposed boundary configuration.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area (defined in acres):
3204
2. Current dwelling units in area:
UNKNOWN
3. Approximate current population in area: Estimated 1475

9. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract.

10. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)? YES ___ NO x If YES, please explain.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. _____

Desert

2. Describe any existing improvements on the site as % of total area.

| | | | | | |
|-------------|------------|---|--------------|-------|---|
| Residential | <u>100</u> | % | Agricultural | _____ | % |
| Commercial | _____ | % | Vacant | _____ | % |
| Industrial | _____ | % | Other | _____ | % |

CERTIFICATION

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief. I understand that if this proposal is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

DATE 4/16/2010


SIGNATURE OF APPLICANT
Jeffrey O. Rigney
PRINTED NAME OF APPLICANT
Director, Special Districts
TITLE

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- CITY INCORPORATION SUPPLEMENT
- FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- ACTIVATION OF LATENT POWERS SUPPLEMENT
- X PLAN FOR SERVICE

APPLICATION TO BE SUBMITTED TO:

LOCAL AGENCY FORMATION COMMISSION
215 NORTH D STREET, SUITE 204
SAN BERNARDINO, CA 92415-0490
PHONE: (909) 383-9900 • FAX: (909) 383-9901
E-MAIL ADDRESS: lafco@lafco.sbcounty.gov

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.co.san-bernardino.ca.us

3156

PLAN FOR SERVICE

1. The Plan for Service submitted shall include a narrative description of all the following information (new elements required by AB 2838, effective January 1, 2001, are shown in italics):
 - a. A description of the level and range of each service to be provided to the affected territory.

The Town of Apple Valley will accept responsibility for paying the energy charges for 49 streetlights located in its sphere of influence. A streetlight authorization for the Town's signature is attached (Attachment 1) a copy of the most recent Southern California Edison Streetlight bill (Attachment 2), a list of the streetlights and locations (Attachment 3) and map of streetlight locations (Attachment 4).

- b. An indication of when those services can feasibly be extended to the affected territory.

Upon dissolution of CSA 17 and transfer to funds and property tax revenue to the Town of Apple Valley

- c. An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.

Unknown

- d. The estimated cost of extending the service and a description of how the service or required improvements will be financed. *A discussion of the sufficiency of revenues for anticipated service extensions and operations is also required.*

CSA 17 receives a share of the general property tax revenue to be used to pay for the energy charges for the 49 streetlights. There is sufficient revenue to cover these costs and pay for the energy charges for new development as needed. A copy of the FY 2009-10 annual budget is attached (Attachment 5).

- e. An indication of whether the affected territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.

No, this action is being completed to dissolve an existing district. The services will be provided by the Town of Apple Valley.

Adopted December 20, 2000, effective January 1, 2001.

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION

March 16, 2010

FROM: JEFFREY O. RIGNEY, Director
Special Districts Department

SUBJECT: APPROVE OUT OF AGENCY SERVICE AGREEMENT WITH THE TOWN OF
APPLE VALLEY

RECOMMENDATION(S)

Approve Out of Agency Service Agreement No. 10-140 between the County, County Service Area 17, and the Town of Apple Valley.

(Affected Districts: First)

(Presenter: Jeffrey O. Rigney, Director, 387-5967)

BACKGROUND INFORMATION

CSA 17 was formed on January 29, 1964 in order to provide streetlighting services to the community of Apple Valley. In 1988, LAFCO considered the proposal to incorporate the Town of Apple Valley (Town). As a result of that action, the majority of the territory within CSA 17 was transferred to the Town along with the majority of the streetlights. The residual area of CSA 17 was within four non-contiguous areas with 47 streetlights within these boundaries. CSA 17 receives a share of the general ad valorem property tax which provides for payment of the utility cost for the operation of the 47 streetlights, which is the District's only authorized service. The County Administrative Office and Special Districts worked with LAFCO to study the potential for reorganization of CSA 17.

On August 11, 2008, LAFCO provided Special Districts with its mandated Municipal Service Review and Sphere of Influence Update. In this Review and Update, LAFCO made several findings that related to the service review for CSA 17: 1) there has not been significant growth within the boundaries of CSA 17; 2) seven of the 47 streetlights maintained by CSA 17 are not within its boundaries; and 3) the ad valorem property tax distribution from the general levy within the current CSA 17 boundaries has increased to an amount more than 1500% higher than necessary to support the 47 streetlights. (This funding anomaly is mainly due to requirement that an incorporation transfer of property tax is based upon the cost of providing the service not the revenues generated within the detaching area). Therefore, CSA 17 continues to receive the residual ad valorem property taxes not transferred to the Town of Apple Valley at the time of its incorporation.

LAFCO's findings resulted in the presentation of three governmental structure options for CSA 17: 1) expand the sphere to be coterminous with the unincorporated area of the Town's eastern and southern sphere; 2) affirm the existing sphere designation indicating there is no need for the

Page 1 of 2

Note: See related Board of Supervisors Item#65 of 3/16/10.

cc: SDD-Rigney w/ agree
Contractor c/o Dept w/ agree
ACR-Acct Pay Mgr w/ agree
EBIX-BPO c/o Risk w/ agree
County Counsel-Messer
LAFCO-Rollins-McDonald
CAO-Amis
File - w/ agree
File - SDD/CSA 17
jr 3/29/10
ITEM 62

Record of Action of the Board of Supervisors

APPROVED (CONSENT CALENDAR)

COUNTY OF SAN BERNARDINO

Board of Supervisors

| | | | | | |
|--------|--------|-------|-----|--------|-----|
| MOTION | SECOND | MOVED | AYE | ABSENT | AYE |
| | 10 | 3 | 4 | 5 | |

LAURA H. WELCH, CLERK OF THE BOARD

BY _____

**BOARD OF SUPERVISORS
APPROVE OUT OF AREA SERVICE AGREEMENT WITH THE TOWN OF
APPLE VALLEY
MARCH 16, 2010
PAGE 2 OF 2**

CSA 17's services in the balance of the affected area; or 3) designate a zero sphere of influence indicating LAFCO's determination that CSA 17 should be dissolved and its service should be assumed by another agency. Based upon its evaluation, as documented in LAFCO Proposal number 3014 dated October 15, 2008, LAFCO designated a zero sphere of influence for CSA 17 signaling its position that the responsibilities and revenues of CSA 17 should be transferred to another agency—in this case, the Town of Apple Valley.

The proposed dissolution of CSA 17 will result in the transfer of responsibility and maintenance of streetlights it currently serves to the Town. The Town will receive the residual cash balance of CSA 17 and the annual property tax share will be redistributed to the Town as well. The funds will be used by the Town to support the streetlighting function in addition to the many services it provides to the community.

Approval of this recommendation approves the Out of Agency Service Agreement between CSA 17, the County and the Town of Apple Valley. (This item is a companion item on today's agenda for CSA 17's approval of the Out of Agency Service Agreement.) Pursuant to this Agreement, the County will transfer all assets and records to the Town. This will include a transfer of the residual cash balance as well as a transfer of the current and future annual property tax share and increment. The County Administrative Office, as the County representative, will provide consultative services to the Town at no cost for a period of six months following the dissolution to help ensure a smooth transition. As a part of the land use planning process in the future, the County will require all new development within the Town's unincorporated Sphere of Influence to annex into an assessment district or other funding mechanism to fund the provision of streetlighting services. The Town will immediately assume responsibility for ensuring that all existing street lights continue to be maintained and operated at the same or higher service level until such time as the Town determines they are no longer needed or desired by the community. The Town will use the monies received as a result of the dissolution to provide the streetlighting services in the areas formerly served by CSA 17 as well as any areas in the Town's unincorporated Sphere of Influence as may be necessary in the future that are not funded by some other funding mechanism. The agreement will become effective upon the date of issuance of the Certificate of Completion for the dissolution of CSA 17 as approved by LAFCO.

FINANCIAL IMPACT

CSA 17 will pay any application and other fees to LAFCO for dissolution from the District's budget. The ad valorem property tax share and increment will be transferred in accordance with California Revenue and Taxation Code section 99 and the disposition of the residual fund balance shall be transferred to the Town based upon the conditions of approval for the dissolution as outlined in the Certificate of Completion. There will be no impact to the County General Fund.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Dawn Messer, Deputy County Counsel, 387-4322) on February 24, 2010; by LAFCO (Kathleen Rollings-McDonald, LAFCO Executive Officer, 383-9900) in February 26, 2010; and by the County Administrative Office (Monique Amis, Administrative Analyst, 387-3828) on February 23, 2010.

FOR OFFICIAL USE ONLY

BOARD-GOVERNED
COUNTY SERVICE AREAS

F A S

STANDARD CONTRACT

| | | | | | | |
|--|--------------|---------------------|-------------------------------------|--|---|----------------|
| <input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel | Vendor Code | SC | Dept. | A | Contract Number 10-140 | |
| Special Districts Department* | | | Dept. | Orgn. | Contractor's License No. | |
| County Service Area 17 | | | | | | |
| Contract Representative Jeff Rigney, Director | | | Telephone (909)387-5967 | | Total Contract Amount \$ 0 | |
| <input type="checkbox"/> Revenue | | | <input type="checkbox"/> Encumbered | | <input type="checkbox"/> Unencumbered | |
| | | | | | <input checked="" type="checkbox"/> Other: Streetlight Transfer | |
| If not encumbered or revenue contract type, provide reason: | | | | | | |
| Commodity Code | | Contract Start Date | Contract End Date | Original Amount \$ | Amendment Amount \$ | |
| Fund SFV | Dept. 185 | Organization | Appr. | Obj/Rev Source | GRC/PROJ/JOB No. | Amount \$ 0 |
| Fund | Dept. | Organization | Appr. | Obj/Rev Source | GRC/PROJ/JOB No. | Amount \$ |
| Fund | Dept. | Organization | Appr. | Obj/Rev Source | GRC/PROJ/JOB No. | Amount \$ |
| Project Name Agreement between County (on behalf of CSA 17) and Town of Apple Valley regarding transfer of streetlighting responsibilities to Town upon dissolution of CSA 17 | | | | Estimated Payment Total by Fiscal Year | | |
| | | | | FY | Amount | I/D |
| | | | | _____ | _____ | _____ |
| | | | | _____ | _____ | _____ |
| | | | | _____ | _____ | _____ |

THIS CONTRACT is entered into in the State of California by and between the County of San Bernardino, on behalf of County Service Area 17, hereinafter called County and CSA 17 respectively, and

Name
Town of Apple Valley
Address
14955 Dale Evans Parkway
Apple Valley, CA 92307
Telephone
(760) 240 - 7000

hereinafter called TOWN

IT IS HEREBY AGREED AS FOLLOWS:

(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)

WHEREAS, the Board of Supervisors, acting as the governing body of County Service Area No. 17 (hereinafter "CSA 17"), is initiating an application to the County Local Agency Formation Commission (hereinafter "LAFCO") to

dissolve CSA 17 and transfer responsibility for operation and maintenance of street lights currently served by the district to the Town of Apple Valley (hereinafter "TOWN"), and

WHEREAS, the TOWN is agreeable to assuming liability for the operation and maintenance of street lights currently served by CSA 17 and areas within the TOWN's unincorporated Sphere of Influence in consideration of transferring CSA 17's budgetary fund balance and annual and future property tax share at the time of dissolution in order to fund these street lighting services, and

WHEREAS, CSA 17 and the TOWN are desirous of outlining the arrangement for transfer of CSA 17's street lighting responsibilities to the TOWN in an agreement to be included as an attachment to the CSA's application for dissolution to LAFCO, and

WHEREAS, COUNTY and the TOWN desire to enter into an out-of-area service agreement for the Town's provision of street lighting services outside of its jurisdictional boundaries,

NOW, THEREFORE, BE IT RESOLVED, that COUNTY, CSA 17 and the TOWN, as parties to this agreement, hereby agree to the following provisions:

1. **COUNTY RESPONSIBILITIES UPON DISSOLUTION OF CSA 17**

- A. COUNTY for CSA 17 will transfer all budgetary information, title to street lights and other physical assets, payables, revenue accruals, and records to TOWN for administration and operation of the program.
- B. COUNTY for CSA 17 will transfer the existing residual cash balance to TOWN in coordination with TOWN within thirty (30) days of dissolution.
- C. COUNTY for CSA 17 agrees to transfer of the current and future annual property tax share and increment received for street lighting services to TOWN for future administration of services per this agreement. This will be accomplished through the property tax transfer process set forth in California Revenue and Taxation Code Section 99.
- D. COUNTY agrees to provide consultative services to TOWN as needed on matters involving administration of the programs previously provided by CSA 17, at no cost for a period of six (6) months from dissolution, to help ensure a smooth transition of administrative responsibilities.
- E. County agrees to require all new development within the TOWN's unincorporated Sphere of Influence to annex into any assessment district or other funding mechanism formed by the TOWN or COUNTY to fund the provision of street lighting services within the TOWN's unincorporated Sphere of Influence.
- F. The County Administrative Office (Public and Support Services Administration) shall be designated as COUNTY representative to act on behalf of COUNTY.

2. **TOWN RESPONSIBILITIES UPON DISSOLUTION**

- A. TOWN will immediately assume responsibility for ensuring that all existing street lights operated by CSA 17 are continued to be maintained and operated at the same or higher service level as previously provided for by CSA 17 until such time as TOWN determines they are no longer needed or desired by the community.
- B. TOWN will use the monies specified by Paragraph 1.B. and 1.C. under this agreement to provide street lighting services to the areas formerly served by CSA 17 and additionally all areas within the

TOWN's unincorporated Sphere of Influence as may be necessary in the future that are not funded by some other financing mechanism (i.e. homeowner associations or Mello Roos Districts).

C. TOWN agrees to provide administration for all aspects of the street lights formerly overseen by CSA 17, and for all future street lighting operations in its unincorporated Sphere of Influence, provided that COUNTY shall transfer to TOWN all revenue generated by any financing mechanism (including but not limited to homeowner association assessments, community facilities district [Mello-Roos District] assessments, benefit assessments, and special taxes) which has been collected by COUNTY to fund street lighting operations in such areas.

3. **OUT-OF-AREA SERVICE AGREEMENT**

This agreement is and shall be considered an out-of-area service agreement permitting the TOWN to provide street lighting services in its unincorporated Sphere of Influence pursuant to Government Code section 56133.

4. **EFFECTIVE DATE**

This agreement shall become effective upon the date of issuance of the Certificate of Completion for the dissolution of CSA 17, as approved by LAFCO.

COUNTY OF SAN BERNARDINO

Gary C. Ovitt
Gary C. Ovitt, Chairman, Board of Supervisors
Dated: MAR 16 2010

COUNTY SERVICE AREA 17

Gary C. Ovitt
Gary C. Ovitt, Chairman, Board of Supervisors
Dated: MAR 16 2010

TOWN OF APPLE VALLEY

(Print or type name of corporation, company, contractor, etc.)

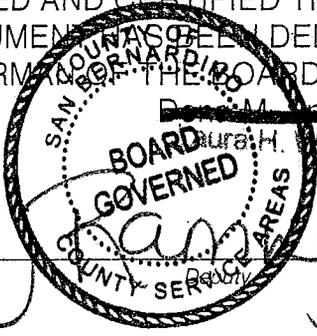
By *Frank W. Robinson*
(Authorized signature - sign in blue ink)
Name Frank W. Robinson
(Print or type name of person signing contract)
Title Town Manager
(Print or Type)

Address: 14955 Dale Evans Parkway
Apple Valley, CA 92307

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

~~Paul M. Smith, Clerk of the Board~~
~~Aurath H. Welch, CLERK OF THE BOARD OF SUPERVISORS~~

By *[Signature]*



| | | |
|--|---|--|
| Approved as to Legal Form Counsel Date | Reviewed by Contract Compliance Date | Presented to Board for Signature Date |
|--|---|--|

TOWN's unincorporated Sphere of Influence as may be necessary in the future that are not funded by some other financing mechanism (i.e. homeowner associations or Mello Roos Districts).

C. TOWN agrees to provide administration for all aspects of the street lights formerly overseen by CSA 17, and for all future street lighting operations in its unincorporated Sphere of Influence, provided that COUNTY shall transfer to TOWN all revenue generated by any financing mechanism (including but not limited to homeowner association assessments, community facilities district [Mello-Roos District] assessments, benefit assessments, and special taxes) which has been collected by COUNTY to fund street lighting operations in such areas.

3. **OUT-OF-AREA SERVICE AGREEMENT**

This agreement is and shall be considered an out-of-area service agreement permitting the TOWN to provide street lighting services in its unincorporated Sphere of Influence pursuant to Government Code section 56133.

4. **EFFECTIVE DATE**

This agreement shall become effective upon the date of issuance of the Certificate of Completion for the dissolution of CSA 17, as approved by LAFCO.

COUNTY OF SAN BERNARDINO

▶ _____
Gary C. Ovitt, Chairman, Board of Supervisors

Dated: _____

COUNTY SERVICE AREA 17

Gary C. Ovitt, Chairman, Board of Supervisors
Dated: _____

Dated: _____

TOWN OF APPLE VALLEY
(Print or type name of corporation, company, contractor, etc.)
By ▶ _____
(Authorized signature - sign in blue ink)
Name Frank W. Robinson
(Print or type name of person signing contract)
Title Town Manager
(Print or Type)

Address: 14955 Dale Evans Parkway
Apple Valley, CA 92307

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

~~Dena M. Smith, Clerk of the Board~~
Laura H. Welch CLERK OF THE BOARD OF SUPERVISORS

By _____
Deputy

Approved as to Legal Form
▶ [Signature]
Counsel
Date 3/4/10
Rev 080307

Reviewed by Contract Compliance
▶ _____
Date _____

Presented to Board for Signature
▶ [Signature]
Date 3/4/10



P.O. Box 300
Rosemead, CA
91772-0001
www.sce.com

Your electricity bill

3156

SAN BERNARDINO, COUNTY OF / Page 1 of 6

For billing and service inquiries call 1-800-990-7788,
Mon -Fri 7 a.m. to 7 p.m. and Saturday 8 a.m. to 5 p.m.
For emergency services call 24 hrs a day, 7 days a week

Customer account 2-01-202-5607
CSA 17

Date bill prepared: Mar 10 '10

157 W 5TH ST # 2NDFL
SAN BERNARDINO, CA
92415-0225

Your account summary

| | |
|---|-------------------|
| Amount of your last bill | \$1,178.22 |
| Payment we received on Feb 25 '10 - thank you | -\$588.65 |
| Past due amount | \$589.57 |
| Your new charges | \$583.41 |
| Late payment charge | \$5.31 |
| Total amount you owe | \$1,178.29 |

589.72
7000.92 per year

Summary of your billing detail

| Service account | Service address | Billing period | Your rate | New charges |
|------------------------------|---------------------|------------------------|-----------------|-------------|
| 3-000-1319-43 | APPLE VALLEY ST LTS | Feb 1 '10 to Mar 1 '10 | LS-1-ALLNITE | \$583.41 |
| Charges for lamps in service | COUNTY S | | (Utility owned) | |
| | SAN BDNO, CA | | | \$583.41 |

Things you should know

You may notice a change in your billing statement.....

Effective 3/1/2010, the billing rates that calculate your bill have been modified. You may notice reoccurring line items in the "Details of your new charges" section reflecting the bill calculation before and after the rate change. The first line items reflect the rates prior to 3/1/2010 and the second line items reflect the rates after 3/1/2010. For more information, please visit www.sce.com/bill_change.

Please return the payment stub below with your payment and make your check payable to Southern California Edison.
if you want to pay in person, call 1-800-747-8908 for locations, or you can pay online at www.sce.com.

(14-574)

Tear here

Tear here



Customer account 2-01-202-5607
Please write this number on your check. Make your
check payable to Southern California Edison.

| | |
|------------------------------------|-------------------|
| Past due charges - pay immediately | \$589.57 |
| New charges - pay by Mar 29 '10 | \$588.72 |
| Total amount you owe | \$1,178.29 |

Amount enclosed \$



SAN BERNARDINO, COUNTY OF
157 W 5TH ST # 2NDFL
SAN BERNARDINO, CA 92415-0225

P.O. BOX 300
ROSEMEAD, CA 91772-0001

01 202 5607 00000087 000058957000058872000117829



An EDISON INTERNATIONAL® Company

Service account: 3-000-1319-43
 Service address: APPLE VALLEY ST-LTS
 COUNTY S
 SAN BDNQ, CA 92401
 Service description: Charges for lamps in service
 Rotating outage: Group X999

Street lamp inventory

| | Quantity | kWh |
|-----------------------------------|-----------|--------------|
| High pressure sodium vapor | | |
| 5800L Multiple | 14 | 401 |
| 9500L Multiple | 34 | 1,372 |
| 22000L Multiple | 1 | 85 |
| Total | 49 | 1,858 |

Details of your new charges

Your rate: LS-1-ALLNITE
 Billing period: Feb 1 '10 to Mar 1 '10 (28 days)

| | | |
|-----------------------------------|-----------------------|--|
| Delivery charges | | Your Delivery charges include: |
| Energy charge | 1,858 kWh x \$0.01953 | • \$5.86 transmission charges |
| | | • \$469.07 distribution charges |
| <i>High pressure sodium vapor</i> | | • \$1.10 nuclear decommissioning charges |
| Multiple | | • \$5.57 public purpose programs charge |
| 5800L | 14 lamps x \$8.77000 | • \$1.04 new system generation charge |
| 9500L | 34 lamps x \$9.24000 | |
| 22000L | 1 lamp x \$9.85000 | |
| DWR bond charge | 1,858 kWh x \$0.00515 | |
| | | Your Generation charges include: |
| Generation charges | | • \$0.19 competition transition charge |
| <i>DWR</i> | | Your overall energy charges include: |
| Energy charge | 500 kWh x \$0.03763 | • \$5.28 franchise fees |
| <i>SCE</i> | | |
| Energy charge | 1,358 kWh x \$0.05267 | |
| Subtotal of your new charges | | Additional information: |
| UUT exempt | | • DWR provided 26.920% of the energy you used this month |
| State tax | 1,858 kWh x \$0.00022 | |
| Your new charges | | |
| | | |

Things you should know

Update on Direct Access Service:

Effective October 11, 2009, the Governor signed Senate Bill 695 into law, authorizing the partial re-opening of direct access for non-residential customers. For further information please visit our website at www.sce.com/sb695.

CSA 17 APPLE VALLEY (SFV-185)
ACTIVITY: STREETLIGHTING

3156

DESCRIPTION OF MAJOR SERVICES

County Service Area (CSA) 17 was established by an act of the County of San Bernardino Board of Supervisors on January 29, 1964 to provide financing for the operation and maintenance of 47 streetlights in the community of Apple Valley. This Streetlight District is financed through property tax revenue. This District does not utilize an Advisory Commission or MAC. Meetings are held with residents as needed.

BUDGET AND ACTUAL HISTORY

| | 2007-08 Actuals | 2008-09 Actuals | 2008-09 Adopted Budget | 2009-10 Approved Adjustments | 2009-10 Adopted Budget |
|------------------------------|----------------------------|----------------------------|---------------------------------------|---|---------------------------------------|
| Appropriations: | | | | | |
| Salaries and Benefits | - | - | - | - | - |
| Services and Supplies | 4,977 | 8,789 | 15,956 | (292) | 15,664 |
| Central Computer | - | - | - | - | - |
| Travel and Related Charges | - | - | - | - | - |
| Other Charges | - | - | - | - | - |
| Land/Structures/Improvements | - | - | - | - | - |
| Equipment/Vehicles | - | - | - | - | - |
| Lease/Purchases | - | - | - | - | - |
| Transfers Out | 7,454 | 12,005 | 12,005 | 1,800 | 13,805 |
| Reimbursements | - | - | - | - | - |
| Operating Transfers Out | - | - | - | - | - |
| Reserves & Contingencies | - | - | 1,321,798 | 205,801 | 1,527,599 |
| Total Appropriations | 12,431 | 20,794 | 1,349,759 | 207,309 | 1,557,068 |
| Revenue: | | | | | |
| Taxes | 201,440 | 200,522 | 189,887 | (17,881) | 172,006 |
| Licenses and Permits | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - |
| Use Of Money and Property | 46,519 | 33,416 | 27,000 | 8,000 | 35,000 |
| State, Fed or Gov't Aid | - | - | - | - | - |
| Current Services | (1,411) | (2,695) | - | - | - |
| Other Revenue | 1,675 | 6,741 | - | - | - |
| Operating Transfers In | - | - | - | - | - |
| Total Revenue | 248,223 | 237,984 | 216,887 | (9,881) | 207,006 |
| Fund Balance | | | 1,132,872 | 217,190 | 1,350,062 |
| Budgeted Staffing | | | - | - | - |

CSA 17 APPLE VALLEY (SFV-185)

2009-10 ADOPTED BUDGET

| | <u>Budgeted Staffing</u> | <u>Amount</u> |
|---|------------------------------|------------------|
| APPROPRIATIONS: | | |
| Salaries and Benefits | - | - |
| Services and Supplies | | 15,664 |
| * \$15,000 Rents & Leases-Equipment including energy charges | | |
| * \$ 664 Audit Charge | | |
| Central Computer | - | - |
| Travel and Related Charges | - | - |
| Other Charges | - | - |
| Land/Structures/Improvements | - | - |
| Equipment/Vehicles | - | - |
| Lease/Purchases | - | - |
| Transfers Out | | 13,805 |
| * \$9,319 Salaries and Benefits to SKV 105 (CSA 70 Countywide) to provide for management and support services | | |
| * \$4,486 Services and Supplies to SKV 105 (CSA 70 Countywide) to provide for management and support services | | |
| Change from prior year: \$1,800 increase due to allocation of management and support services cost | | |
| Reimbursements | - | - |
| Operating Transfers Out | - | - |
| Reserves & Contingencies | | 1,527,599 |
| * \$1,000,000 Reserves | | |
| * \$ 527,599 Contingencies | | |
| Change from prior year: \$205,801 increase to fund future year operations | | |
| Total Appropriations and Budgeted Staffing | <u>-</u> | <u>1,557,068</u> |

CSA 17 APPLE VALLEY (SFV-185)

2009-10 ADOPTED BUDGET (Continued)

| | <u>Amount</u> |
|---|-----------------------|
| REVENUE: | |
| Taxes | 172,006 |
| * Property Taxes | |
| Licenses and Permits | - |
| Fines and Forfeitures | - |
| Use of Money and Property | 35,000 |
| * Interest | |
| Change from prior year: \$8,000 increase due to higher anticipated cash balance | |
| State, Fed or Gov't Aid | - |
| Current Services | - |
| Other Revenue | - |
| Operating Transfers In | - |
| Total Revenue | <u>207,006</u> |

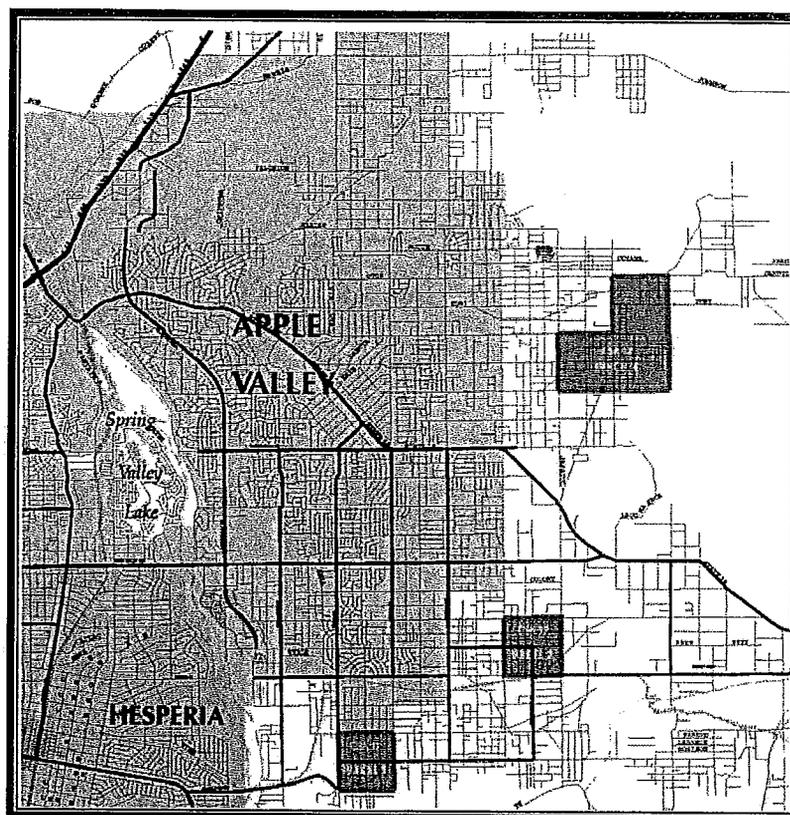
COUNTY SERVICE AREA 17

Municipal Service Review and Sphere of Influence Update

INTRODUCTION:

County Service Area 17 (hereinafter either "CSA 17" or "District") prepared a service review consistent with LAFCO's policies and procedures and the factors required by Government Code Section 56430. LAFCO 3014 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence (sphere) update pursuant to Government Code Section 56425.

CSA 17 was formed in December 1964 by an act of the County of San Bernardino Board of Supervisors to provide streetlighting services to the Apple Valley community. Prior to the Board's approval, LAFCO reviewed the proposal and approved its formation, specifically reviewing its boundary. CSA 17 is a dependent special district governed by the County of San Bernardino Board of Supervisors. The last action that the Commission considered related to CSA 17 was the incorporation of the Town of Apple Valley in 1988 (LAFCO 2470). That action detached the majority of CSA 17's territory transferring responsibility for all but 47 of its streetlights. The existing territory of CSA 17 in four separate areas is shown on the map below:



BOUNDARIES:

Currently, CSA 17's sphere of influence is coterminous with its boundaries which encompasses four non-contiguous areas. CSA 17 is within the eastern and southern sphere of influence of the Town of Apple Valley. The areas are described as follows:

Parcel 1 is generally bordered by the Town on the north, Navajo Road on the east, Kiowa Way on the west, and includes areas north and south of Power Line Road.

Parcel 2 is generally bordered by Japatul Road on the east, a combination of Tussing Ranch Road and Desert View Road on the south, Joshua Road on the west, and Del Oro Road on the north.

Parcel 3 is generally south of South Road, east and west of Moccasin Road.

Parcel 4 is generally bordered by Cahuilla Road on the north, the Granite Mountains on the east, Chuckwalla Road on the south and Japatul Road on the west (generally the area within the Thunderbird County Water District).

In the staff view, there are three options for the future of this agency, given its single purpose:

1. Expansion of CSA 17's sphere to be coterminous with the unincorporated area of the Town of Apple Valley's eastern and southern sphere (excluding the northwestern area along I-15). This would provide for a regional perspective for a service which contributes to the safety of residents;
2. Affirmation of the existing sphere designation indicating that there is no need for the agency's services in the balance of the affected area; or,
3. Designation of a zero sphere of influence indicating the Commission's determination that this agency should be dissolved and its service should be assumed by another agency.

It is the staff's position that the review which follows points toward either the expansion of the existing sphere of influence providing direction that future service needs would necessitate the annexation to the CSA 17 or the designation of a zero sphere of influence and the determination that these services should be assumed by another agency.

MUNICIPAL SERVICE REVIEW SUMMARY

The County Special Districts Department, administrators for board-governed special districts, prepared a service review consistent with San Bernardino LAFCO policies and procedures. The Department's response on behalf of the District to LAFCO's original and updated requests for materials are included in Attachment #10 to this report and includes, but is not limited to, CSA 17's audits and budgets and an outline of the streetlights associated with this district.

Growth and population projections for the affected area.

The Apple Valley community has experienced significant growth within the past ten years and additional growth is anticipated in the coming years. However the area within the boundaries of CSA 17 has not experienced significant growth due to the limiting factors of water supply. The materials provided indicate a population of 1,475 in 1995 as estimated by a private source; however, during the past 13 years the population has increased in the area. A population count has not been conducted in the interim and a current estimated population for each of the four areas could not be obtained since the Census tracts are larger than each separate area.

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

The district provides for payment of the utility costs for operation of 47 streetlights. There are no plans at this time to increase the number of the streetlights. There is no other service provider for streetlights in the area, and CSA 17 adequately provides this service. The future need for streetlights will increase as the population grows dependent upon the implementation of the County's Night Sky ordinance (described on page 93) within this portion of the desert. Major developments currently in process in the County's Land Use Services Department may require public streetlights for major intersections for public safety purposes which should be coordinated with the district.

LAFCO staff has conducted a review of the streetlights billed to the accounts of CSA 17 and identified that it includes 47 streetlights. However, a review of the maps outlining the location of these lights shows that seven (7) of these lights are not within the existing boundaries of CSA 17. This information is broken down as follows:

| AREA | LIGHTS WITHIN | LIGHTS OUTSIDE | TOTAL |
|---------------|---------------|----------------|-----------|
| 1 | 16 | 2 | 18 |
| 2 | 0 | 3 | 3 |
| 3 | 7 | 0 | 7 |
| 4 | 17 | 2 | 19 |
| TOTALS | 40 | 7 | 47 |

In the staff view, the options for this agency are: 1) to expand the boundaries of the District to include the area in which these lights are located or 2) turn the lights off removing them from the bill for CSA 17.

Financial ability of agencies to provide services.

The Special Districts Department submitted budget and audit information for CSA 17 as part of the service review. At the time this report was prepared, the Special Districts Department had not yet received the FY 2006-07 audit for CSA 17; therefore, the FY 2005-06 audit is the most current audit available and has been used for this report. This document is included as a part of Attachment #10.

CSA 17's sources of funding are its share of the general ad valorem property taxes and interest. At present it receives approximately 15.7% of the general tax levy in its affected tax rate areas; this corresponds to the rate received by County General Fund. As indicated in the audit and budget information provided, the revenue generated greatly exceeds the amount necessary to support the existing streetlighting operations. For example, in FY 2005-06 CSA 17 received \$141,272 in revenue, of which 80.8% is attributable to property taxes. Expenditures for the same year totaled \$10,878 and were comprised of Salaries and Benefits (\$3,410) and Services and Supplies (\$7,468). Of the Services and Supplies amount, \$4,395 was for the direct cost of supplying electricity for the 47 lights on its bill from Edison. The chart below shows the financial activity of the district for the past six years and the budget for the current fiscal year.

| | Expenditures | Total Revenue (Property Tax Receipts) | Change in Fund Balance | Ending Fund Balance |
|-------------------------|--------------|---|---------------------------|------------------------|
| FY 2002-03 ¹ | \$140,510 | \$109,004 (93,784) | -\$31,506 | \$484,529 |
| FY 2003-04 ¹ | \$130,881 | \$109,014 (\$100,452) | -\$21,867 | \$462,662 |
| FY 2004-05 ² | \$11,035 | \$116,707 (\$98,190) | \$105,672 | \$568,334 |
| FY 2005-06 ² | \$10,878 | \$141,272 (\$114,199) | \$130,394 | \$698,728 |
| FY 2006-07 ³ | \$10,844 | \$205,088 (\$171,993) | \$194,244 | \$892,972 |
| FY 2007-08 ⁴ | \$17,680 | \$215,272 (\$189,887) | \$197,592 | \$1,090,564 |
| FY 2008-09 ⁵ | \$27,961 | \$216,887 (\$189,887) | \$188,926 | \$1,279,490 |

1 source: FY 2003-04 and FY 2004-05 Budgets - Actuals for Prior Year

2 source: FY 2004-05 and FY 2005-06 Audits

3 source: FY 2007-08 Budget – Actual for Prior Year

4 source: FY 2008-09 Proposed Budget – Year end Estimates for Prior Year

5 source: FY 2008-09 Proposed Budget; Fund Balance Ending is calculated according to the budget

As indicated in the chart, CSA 17's revenue vastly exceeds its actual expenditures. Further, yearly variation in expenditures is slight, with yearly revenue experiencing significant increases. In other words, CSA 17's change in fund balance experiences greater increases over the prior year. For example, the fund balance has increased by almost \$200,000 per year for the last three years.

The hefty share of the general ad valorem tax attributable to CSA 17 arises from the incorporation of the Town of Apple Valley in 1988. The reorganization action to incorporate the Town included the detachment of the area from CSA 17 as required by Government Code Section 25210.90. The number of streetlights which were the responsibility of CSA 17 decreased from 516 to the current number of 47; however the property tax transfer for the incorporation was based on the cost of service for the 469 lights, \$62,344 in 1988 dollars. The residual property tax was applied to these four areas and the cost of service was transferred to CSA 17. Meanwhile, the ad valorem property tax distribution from the general levy within the current CSA 17 boundaries has increased to an amount more than 1500% higher than necessary to support the 47 streetlights. As of June 30, 2008, CSA 17's fund balance is calculated by the County budget process to be \$1,090,564.

Status of, and opportunities for, shared facilities.

Southern California Edison owns the streetlights; therefore, the streetlights cannot be shared. The only service that CSA 17 is authorized to provide is streetlights so no other shared facilities can be considered. However, the County could look at expanding the range of service provided through CSA 17. The Special Districts Department consolidates the administrative operations and facilities for county service areas under the auspices of CSA 70. CSA 17 pays an allocated share for administrative facility use and the FY 07-08 and FY 06-07 Adopted Budgets identify \$644 and \$829 as transfers-out to pay for services and supplies and administration costs, respectively, and a share of the salary transfers out goes to pay for administrative overhead.

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

Governmental Structure

The San Bernardino County Board of Supervisors governs CSA 17; it is within the political boundaries of the First Supervisorial District. The District does not have a commission or municipal advisory council. The mandatory annual meeting for the District is held during the review and approval of the budget process, no others are known to have taken place.

Operational Efficiency

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions

necessary to manage the various services provided under County Service Area 70. One Special Districts Department manager oversees all the county operated streetlight districts and one inspector provides support services. These costs are apportioned to each agency and are identified as part of the departmental staffing cost. The FY 07-08 and FY 06-07 Adopted Budgets identify \$4,091 and \$6,810 as transfers-out to pay for salaries and benefits administration costs, respectively.

Action taken on June 17, 2008 by the Board of Supervisors of the County of San Bernardino set the preliminary appropriation limit in Fiscal Year 2008-09 for CSA 17 to be \$271,930.

Government Structure Options

As identified in the opening section of this report, there are three governmental structure options for this agency:

1. Expansion of CSA 17's sphere to be coterminous with the unincorporated area of the Town of Apple Valley's eastern and southern sphere. This would provide for a regional perspective for a service which contributes to the safety of residents. This option would allow the District to meet the streetlighting needs of the growing population of the Town's sphere. In correspondence with LAFCO staff, Special Districts Department staff indicates that it would be beneficial to look at expanding the sphere to allow for future annexations to CSA 17 as needed.
2. Affirmation of the existing sphere designation indicating that there is no need for the agency's services in the balance of the affected area. Adoption of this option would retain the status quo and the fund balance of this district will continue to accumulate when there are service needs it could be used for within its territory.
3. Designation of a zero sphere of influence indicating the Commission's determination that this agency should be dissolved and its service should be assumed by another agency. On February 12, 2008, the County Board of Supervisors approved a study for potential reorganization of CSA 17. According to the narrative portion of this agenda item (a part of Attachment #10) the study will include, but not be limited to: 1) possible dissolution of CSA 17 and entering into an out-of-agency service agreement with the Town for maintenance of the streetlights, 2) reorganization of CSA 17, such as a consolidated county-wide streetlighting entity, and the redistribution of the ad valorem property taxes attributable to CSA 17, and 3) alternative uses for CSA 17's operating budget surplus. Approval of this action directed the County Administrative Office and Special Districts Department staff to initiate the study. The reason for the initiation of the study is similar to LAFCO's concern regarding CSA 17 – the revenues that CSA 17 receives far exceed the amount necessary to support the 47 streetlights within its boundaries. To date no information on the status of the study has been received by LAFCO staff.

4. The County Special Districts Department has proposed a fourth option in correspondence related to the municipal service review that it has recommended in the past to consolidate the districts with only streetlight powers in the unincorporated area of the County into a single entity, and CSA 17 is one of those districts. The stated benefit would be reduced administrative and incidental costs such as a single audit report and legal notices. LAFCO staff has not received any additional information regarding this option from Special Districts Department. Much like the County Fire Reorganization this would eliminate the need for multiple budgets and combined the revenues so that payments to Southern California Edison would come from a single source. In addition, it would allow for the coordination of streetlight locations as was identified in the service review for County Service Area SL-1.

In the staff view either Option One (expansion of the sphere of influence) or Option Three (a zero sphere of influence indicating the absorption of this district by another agency) would be appropriate. In the final analysis, it is the staff's recommendation that Option One be adopted unless there is additional information available from the County on its study of this agency.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission expand County Service Area 17's sphere of influence to include the territory within the southern and eastern sphere of influence of the Town of Apple Valley.

LAFCO staff also recommends that the Commission confirm the function and services provided by County Service Area 17as follows:

FUNCTIONS

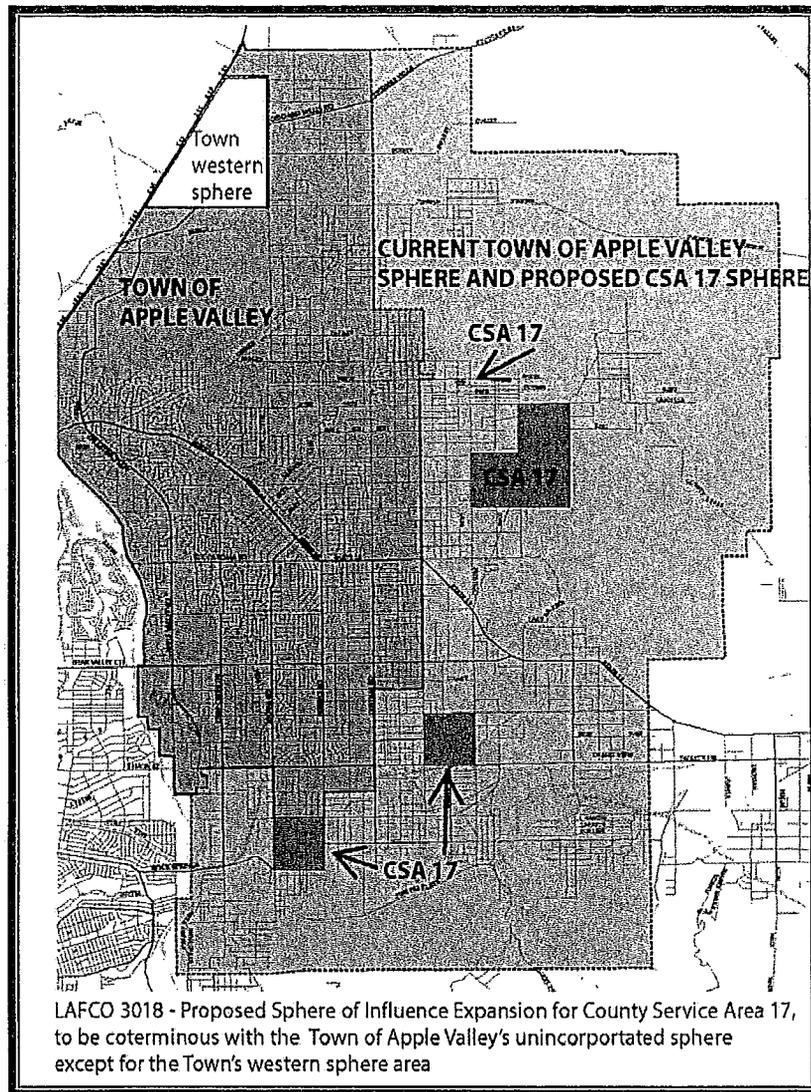
Streetlighting

SERVICES

Streetlighting

CSA 17's sphere of influence is coterminous with its boundaries and is comprised of four non-contiguous areas in the eastern and southern sphere of influence of the Town of Apple Valley.

In processing this review, LAFCO staff discussed with Special Districts Department staff that an expansion of the District's sphere of influence would be appropriate and that the boundary should address the unincorporated portion of the Apple Valley community in proximity to the District. Special Districts Department staff agreed in a written response, included as a part of Attachment #10, that it would be beneficial to look at expanding the sphere to include the unincorporated areas within the sphere of the Town of Apple Valley. LAFCO staff is recommending expansion of CSA 17's sphere be expanded to include the unincorporated area of the Town of Apple Valley's southern and eastern sphere of influence (shown in the map below). The expansion of approximately 113 +/- square miles of CSA 17's sphere would identify the appropriate agency to provide this service as the landowners and the County Land Use Services Department evaluate development applications and it allows the district to plan for serving the area, as the Town's sphere has experienced significant growth within the past ten years with additional growth anticipated. No change in land use for the area will occur through inclusion of the area within CSA 17's sphere.



When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, CSA 17 is authorized to provide the function of streetlighting. Neither LAFCO nor Special Districts Department staffs propose any changes to CSA 17's authorized powers.

FACTORS OF CONSIDERATION:

The Special Districts Department was requested to provide information regarding the sphere of influence update as required by State law. 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:

Present and Planned Uses

CSA 17 encompasses approximately 3,205 +/- acres (5.0 square miles) of territory. At present, the land uses of CSA 17 include residential and vacant land. The County of San Bernardino has assigned general plan land use designations of Rural Living and Residential Single. Portions of the territory of CSA 17 support an urban intensity of land use.

The proposed sphere expansion area comprises approximately 113 +/- square miles. The area encompasses the entirety of the Town's sphere of influence and includes the full range of the County's general plan land use designations. No change in land use for the area will occur through inclusion of the area within CSA 17's sphere.

Present and Probable Need for Public Facilities and Services

CSA 17 is authorized to provide streetlighting services within its boundaries and operates and maintains 47 streetlights. Currently, the district meets the service needs of those within its boundaries. The future need for streetlights will increase with population growth, as denser developments will require such service.

The Town's sphere does not have streetlights except for the streetlights within the boundaries of CSA 17. This is due to the County's Night Sky Ordinance¹², which has as its purpose to encourage outdoor lighting practices and systems that will minimize light pollution, conserves energy, and curtails the degradation of the nighttime visual environment. Non-conformance to the Ordinance is administered by the Director of Land Use Services or authorized designee. There are, however, signal lights atop of the traffic signals that illuminate the intersections maintained by County Transportation. An example is the intersection of Deep Creek Road and Rock Creek Road.

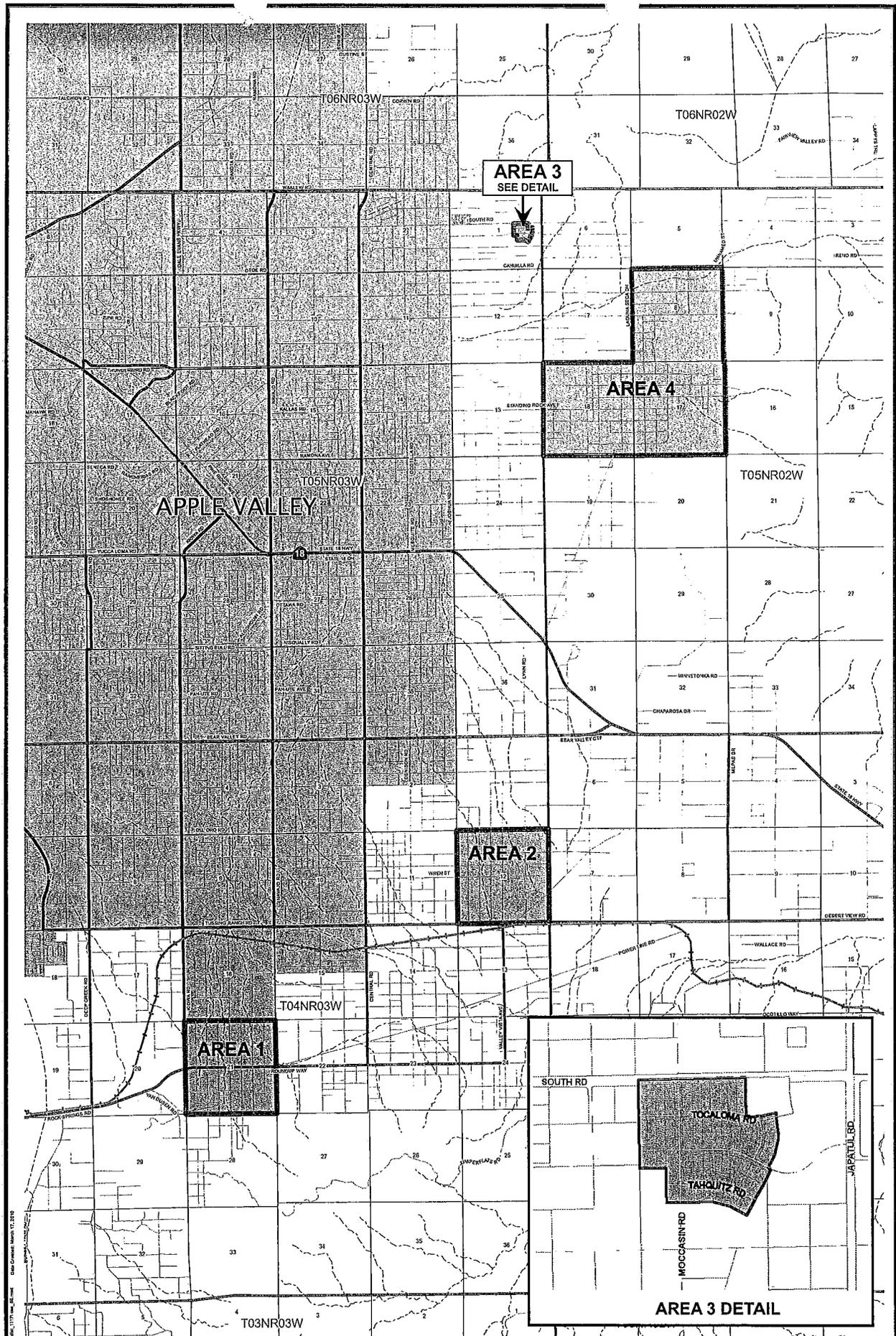
Present Capacity of Public Facilities and Adequacy of Public Services

CSA 17 provides streetlighting within its boundaries and adequately serves the area. The revenue generated through property taxes is more than sufficient to support the electricity charges for the streetlights.

Social and Economic Communities of Interest

The entirety of CSA 17 is within the sphere of the Town of Apple Valley which is the economic and social hub for the community. As a County Service Area it is not included within Town boundaries. Parts of the District's service area are included in other agencies associated with the Town's sphere of influence such as Thunderbird Cpmntu Water District and Mariana Ranchos County Water District. However, since the area is unincorporated, it is likely that some residents in the area do not believe they share social or economic ties with the Town.

¹² County of San Bernardino, Development Code Chapter 83.07, Adopted Ordinance 4011 (2007).



**COUNTY SERVICE AREA 17
(Zero Sphere Of Influence)**

Date Created: March 17, 2010



-  CSA 17 Boundary
-  Township/Range Lines
-  Sections
-  Railroads
-  Water Features