

PROPOSAL NO.: LAFCO 3117

HEARING DATE: December 8, 2010

RESOLUTION NO. 3121

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3117 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 18 (sphere of influence expansion by approximately 1,630+/- acres and affirmation of the balance, as shown on the attached map).

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

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

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

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

WHEREAS, a public hearing by this Commission was called for December 8, 2010 at the time and place specified in the notice of public hearing and in an order or orders continuing the hearing; and,

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

WHEREAS, at this hearing, this Commission certified that the sphere of influence update including sphere amendments is statutorily exempt from environmental review pursuant to the provisions of the California Environmental Quality Act (CEQA) and such exemption was adopted by this

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Commission on December 8, 2010. The Commission directed its Executive Officer to file a Notice of Exemption within five working days of its adoption; and,

WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence for County Service Area 18 (hereafter shown as the "CSA 18") shall be amended as shown on the map attached as Exhibit "A" to this resolution, defined as follows:

- (1) Expand CSA 18's sphere of influence to include the entirety of Sections 17, 18, 19 and 20, Township 2 North, Range 4 West, currently not within its existing sphere of influence (approximately 1,630+/- acres); and,
- (2) Affirm the balance of CSA 18's existing sphere of influence.

WHEREAS, the determinations required by Government Code Section 56430 and local Commission policy are included in the report prepared and submitted to the Commission dated November 30, 2010 and received and filed by the Commission on December 8, 2010, a complete copy of which is on file in the LAFCO office. The determinations of the Commission are:

1. Growth and population projections for the affected area:

Development in the San Bernardino Mountains is naturally constrained by rugged terrain, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development. Maximum build-out potential is substantially constrained by the slope-density standards and fuel modification requirements of the County General Plan Fire Safety Overlay. The majority of the land has County General Plan residential land use designations. 88% of the land is privately owned.

In general, the San Bernardino Mountains is one of the most densely populated mountain areas within the country, and is the most densely populated urban forest west of the Mississippi River. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. It is estimated that the seasonal factors can approximately double the peak population. By 2030, the permanent population is estimated to reach around 1,200. Even with the large increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon of this report.

Year	2005	2010	2015	2020	2025	2030	2005 to 2030 growth rate
CSA 18	868	924	985	1,049	1,117	1,189	37%

Source: County of San Bernardino 2007 Community Plans; County Special Districts Department
Notes: Does not include seasonal population or visitors
Italicized figures are calculated by LAFCO

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

CSA 18 is authorized by LAFCO to provide road, park and recreation, and water services within its boundaries. To date, it has never provided water service.

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Roads

CSA 18 provides road maintenance and snow removal services to 17.5 miles of road. For CSA 18, road maintenance consists of road grading and asphalt maintenance. Public Works maintains certain roads within CSA 18 such as Saw Pit Canyon Road, Crest Forest Drive and Waters Drive. These roads are not maintained by CSA 18. The equipment used to provide these services is owned in the name of CSA 18.

Park and Recreation

County Special Districts Department did not provide a park master plan or studies for this review. CSA 18 maintains one five-acre park and a community center in Cedarpines Park. The facilities include a bathroom, playground equipment, and barbeque area.

Water

CSA 18 has never provided water service.

3. Financial ability of agencies to provide services:

The primary sources of revenue for CSA 18 are the \$50 per parcel annual service charge and share of the one percent ad-valorem property tax. Up until FY 2010-11, there was one employee in the name of CSA 18. However, this fiscal year the County transferred the employee to CSA 70 (countywide); costs will be reimbursed through salaries and benefits transfers out to CSA 70. To pay for these functions, the FY 2010-11 Budget indicates a transfer to CSA 70 Countywide of \$198,189 for salaries and benefits and services and supplies support.

As shown on the chart below, CSA 18 enjoyed excess revenue, which increased fund balance, for the past few years. However, the annual excess revenue has declined due to fewer property tax receipts and increasing costs. For FY 2010-11, removing Contingencies from the calculation, which has historically never been utilized, CSA 18 is budgeted to lose \$201,233 this year. Should this trend continue, CSA 18 will need to consider mechanisms to reduce expenses which may include a reduction of service. Special Districts Department staff indicates that additional service charges would need to be charged in order to generate adequate revenues to provide for any additional road service.

No separate accounting for expenditures related to the Park and Recreation function is identified in the materials submitted by the County Special Districts Department.

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CSA 18 Financial Activity – Operational Fund

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Estimate	FY 2010-11 Budget
REVENUES					
Property taxes	\$138,685	\$126,613	\$126,256	\$117,753	\$117,753
Interest	16,275	23,252	16,573	9,000	10,000
Current Services	249,370	206,180	180,535	163,214	163,214
Other	13,906	11,129	4,333	320	-
Operating Transfers In	6,470	2,040	126,858	-	-
Total Revenues	424,706	369,214	454,555	290,287	290,967
EXPENDITURES					
Salaries & Benefits	72,624	84,586	93,723	103,372	-
Services & Supplies	48,901	54,011	111,527	68,493	90,979
Central Services	102	649	(25)	31	32
Travel	-	-	-	-	3,000
Equipment	-	-	-	134,200	-
Transfers	53,466	73,546	93,591	104,915	198,189
Contingencies	-	-	-	-	169,724
Reimbursements	(6,235)	(2,917)	(6,621)	(14,400)	-
Operating Transfers Out	87,000	118,566	125,000	125,000	200,000
Total Expenditures	255,858	328,441	417,195	521,611	661,924
Net Change in Fund Balance	168,848	40,773	37,360	(231,324)	(370,957)
Fund Balance Ending	\$524,148	\$564,921	\$602,281	\$370,957	\$0

note: Fund Balance Ending calculated by LAFCO

Fund balance is maintained for emergencies such as road failures, culvert failures, flash flooding, and excessive snow storms. According to the FY 2010-11 Budget, the \$200,000 for Operating Transfers Out is identified for road repair and maintenance. The FY 2010-11 Budget identifies a beginning capital improvement program reserve fund balance of \$46,939.

Appropriation Limit

An appropriation limit is required by Article XIII B of the State Constitution and limits the expenditure of the proceeds of taxes. By action taken on June 28, 2010 the Board of Supervisors of the County of San Bernardino established the preliminary appropriation limit for CSA 18 at \$1,474,873.

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

The Special Districts Department consolidates the administrative operations and facilities for county service areas and improvement zones under the auspices of CSA 70. In the past, CSA 18 equipment and personnel have been contracted out to other Board-governed districts to provide snow removal and/or road maintenance service with reimbursement provided to CSA 18.

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

Local Government Structure and Community Service Needs

CSA 18 is governed by the County Board of Supervisors and administered by the County Special Districts Department; it is within the political boundaries of the Second Supervisorial District. CSA 18's budget is prepared as a part of the County Special Districts Department's annual budgeting process. CSA 18's annual budget is presented to the County Administrative Office and Board of Supervisors for review and approval.

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. Therefore, CSA 18 has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it and pays a proportional cost of the administrative functions of the County Special Districts Department. One regional manager oversees all the road districts and another oversees all of the park districts.

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

The provision of service outside the boundaries of CSA 18 is not applicable.

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options. Special Districts Department staff in preparing the service review indicated that there were no consolidations or other structure options available for the operation of CSA 18.

- Expansion of boundaries to serve adjacent territory. Should an area adjacent to CSA 18 require road or park service, one option would be to expand the boundaries. Theoretically, CSA 18 could receive a share of the general levy from a potential annexed area; however, existing County policy related to annexations does not provide for a transfer of a share of the general levy to annexing county service areas. Outside of a general levy transfer, any additional special tax or charge would be subject to a Prop 218 election.
- Consolidation with the other road districts within the unincorporated area of the Mountain region. Special Districts Department has indicated in the past a desire to consolidate the road districts in the South Desert region of the County. According to Special Districts Department management, they discussed this possibility with management at the County Administrative

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Office and County Auditor. The indication received from the other County departments was a regional road entity in the South Desert was not feasible and that maintenance of separate zones was appropriate.

County Special Districts Department was requested to provide its response to this option for the mountains. In their response, they state that Special Districts' staff has looked at this option in the past. They further state that each county service area or zone provides a different level of service based on the desire of the property owners and how much they are willing to pay as well as the condition of the roads. As a result, each zone and county service area has a different per parcel charge or tax and a different level of service. In order to comply with this request, Special Districts would need to conduct elections of all the county service areas and zones so there was a consistent per parcel tax or charge. The elections and cost to form the new county service area would be cost prohibitive to the county service areas and zones as well.

In the South Desert, there are varying levels of road service. However, LAFCO believes that this is a viable option in the Mountain region. In the Mountains, the levels of service are generally the same – road maintenance and snow removal as well as establishing standards and procedures. The mechanism would be a single county service area with multiple zones – each with its own revenue structure. Therefore, economies of scale can be achieved by having a regional agency coordinate road maintenance and snow removal. For example, if the various zones maintain the same department code with the County Auditor, a single audit could be performed instead of 23 separate audits, which could result in a savings of over \$13,000 annually.

- Assumption of service by Rim of the World Recreation and Park District (District) Currently, CSA 18 provides park and recreation to the majority of the Cedarpines Park area; the remainder is not within the boundary or sphere of influence of a park and recreation provider. The registered voters, landowners, the County on behalf of CSA 18, or the District could submit an application to LAFCO for the District to assume responsibility for park and recreation services to the area. In this scenario, the District's sphere would be expanded and it would annex four square miles, be responsible for providing park and recreation services to the area, and would succeed to CSA 18's park and recreation assets, liabilities, and share of the general property tax levy. LAFCO is not aware of any interest in this area being annexed to the District. Given the past and current nature of the District's finances and operational challenges, support for this option is unlikely at this time.
- Maintenance of the status quo. At the present time, no other public agencies have expressed interest in providing road or park and recreation service.

For road service, as in past discussions of the single purpose streetlighting agencies administered by the County, LAFCO supports the consolidation of these entities into a single road county service area to provide for a more efficient and effective operation. However, as noted above Special Districts Department staff has not identified support for moving forward with this type of reorganization.

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

1. Present and Planned Uses:

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In general, the San Bernardino Mountains is one of the most densely populated mountain areas within the country, and is the most densely populated urban forest west of the Mississippi River. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. It is estimated that the seasonal factors can approximately double the peak population. By 2030, the permanent population is estimated to reach around 1,200. This figure does not take into account seasonal population and tourism. Even with the large increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon of this report.

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

CSA 18 provides road maintenance and snow removal services to 17.5 miles of road. For CSA 18, road maintenance consists of road grading and asphalt maintenance. Public Works maintains certain roads within CSA 18 such as Saw Pit Canyon Road, Crest Forest Drive and Waters Drive. These roads are not maintained by CSA 18. The equipment used to provide these services is owned in the name of CSA 18.

CSA 18 maintains one five-acre park and a community center in Cedarpines Park. The facilities include a bathroom, playground equipment, and barbeque area.

CSA 18 has never provided water service.

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

The 17.5 miles of maintained road, five acre park, and one community center are adequate for the estimated 924 persons situated in 946 acres of CSA 18.

4. Social and Economic Communities of Interest:

CSA 18 is a part of the larger Crest Forest community. The social and economic communities of interest are the Rim of the World Unified School District and the properties and residents within the boundaries of CSA 18 located in the Cedarpines Park area in the Crest Forest community.

5. Additional Determinations

- As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, *The Sun*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As outlined in Commission Policy #27, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.
- 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 have been reviewed and considered by the Commission in making its determinations.

WHEREAS, pursuant to the provisions of Government Code Section 56425(i) the range of services provided by County Service Area 18 shall be limited to the following:

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FUNCTIONS	SERVICES
Roads	Road Maintenance as defined in Government Code Section 25213(i) which includes snow removal
Park and Recreation	Development, operation, recreation, maintenance
Water	Water

Special Districts Department has identified that CSA 18 only provides roads and park and recreation services and agrees that the Water function should be removed since the District has never utilized its Water powers. Government Code Section 25213.6 (County Service Area Law) permits the Board of Supervisors through adoption of a resolution to divest a county service area of the authority to provide a service if the proposed divestiture would not require another public agency other than the county to provide a new or higher level of service or facilities. As a result of CSA 18 never utilizing its Water powers:

- The Commission requests the County to take action to divest CSA 18 of its Water function as outlined in County Service Area law and file the appropriate resolution with the Commission, and
- Directs staff to update the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* upon receipt of the County resolution divesting CSA 18 of the Water function.

WHEREAS, having reviewed and considered the findings as outlined above, the Commission determines to expand County Service Area 18's sphere of influence by approximately 1,630+/- acres and affirms the balance of its existing sphere of influence.

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission of the County of San Bernardino, State of California, that this Commission shall consider this to be the sphere of influence for County Service Area 18; it being fully understood that establishment of such a sphere of influence is a policy declaration of this Commission based on existing facts and circumstances which, although not readily changed, may be subject to review and change in the event a future significant change of circumstances so warrants;

BE IT FURTHER RESOLVED that the Local Agency Formation Commission of the County of San Bernardino, State of California, does hereby determine that County Service Area 18 shall indemnify, defend, and hold harmless the Local Agency Formation Commission of the County of San Bernardino from any legal expense, legal action, or judgment arising out of the Commission's affirmation of the sphere of influence, including any reimbursement of legal fees and costs incurred by the Commission.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission of the County of San Bernardino by the following vote:

AYES: **COMMISSIONERS:**

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NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

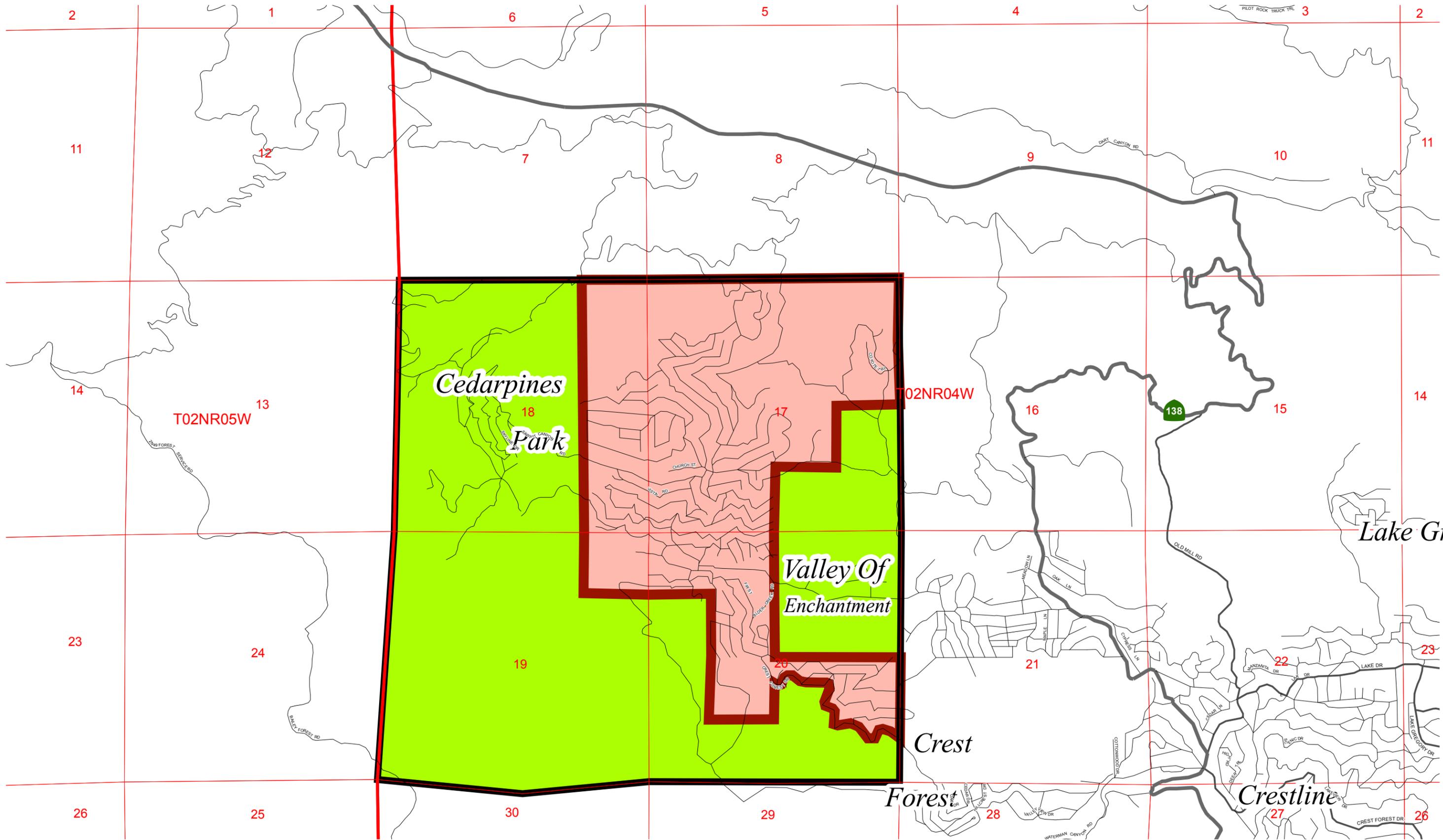
STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission of the County of San Bernardino, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission, by vote of the members present, as the same appears in the Official Minutes of said Commission at its meeting of December 8, 2010

DATED:

KATHLEEN ROLLINGS-McDONALD
Executive Officer

DRAFT



LAFCO 3117 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 18

SPHERE OF INFLUENCE EXPANSION FOR COUNTY SERVICE AREA 18

Portion of Section 17, 18, 19, and 20, Township 2 North, Range 4 West, San Bernardino Meridian, containing 1,630 acres, more or less.

- CSA 18
- CSA 18 Existing Sphere
- Sphere Expansion Areas