

PROPOSAL NO.: LAFCO 3089

HEARING DATE: JULY 21, 2010

RESOLUTION NO. 3099

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3089 – A SERVICE REVIEW AND SPHERE OF INFLUENCE ESTABLISHMENT FOR THE HELENDALE COMMUNITY SERVICES DISTRICT (sphere of influence establishment to include the existing District boundary, 16 square miles west of the District existing boundaries to include the length of Highway 395; 51 square miles to the northeast which abuts the existing Community of Barstow designation and the City of Barstow sphere of influence; and, the modified boundary to the south which excludes areas with mineral resources).

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 establishment 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 June 16, 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 objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the review, in evidence presented at the hearing; and,

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that this service review and sphere of influence establishment are statutorily exempt from CEQA and such exemption was adopted by this Commission

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on June 16, 2010. The Executive Officer was directed 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 following establishment of a sphere of influence shall be made for the Helendale Community Services District (hereafter shown as the District) to include:

- (1) Inclusion of the existing boundary of the District;
- (2) Addition of 16 square miles west of the District existing boundaries to include the length of Highway 395;
- (3) Addition of 51 square miles to the northeast which abuts the existing Community of Barstow designation/City of Barstow sphere of influence; and,
- (4) The modified boundary to the south to include the addition of approximately 14 +/- square miles.

as more specifically depicted on the map attached hereto as Exhibit "A", and described in Exhibit "A-1", and;

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 June 7, 2010 and received and filed by the Commission on June 16, 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.**

The community of Helendale includes the development known as "Silver Lakes" within the central portion of the District's boundary and the ranches and farms along the Mojave River from the north extent of the City of Victorville on the west to the City of Barstow sphere of influence on the east. Farming and ranches have dominated the landscape of the Helendale community until the development of the Silver Lakes Planned Unit Development approved by the County of San Bernardino in the early 1970s as a recreation/retirement community. This central core area has evolved over time to include schools, parks, commercial, minor industrial and recreational land uses.

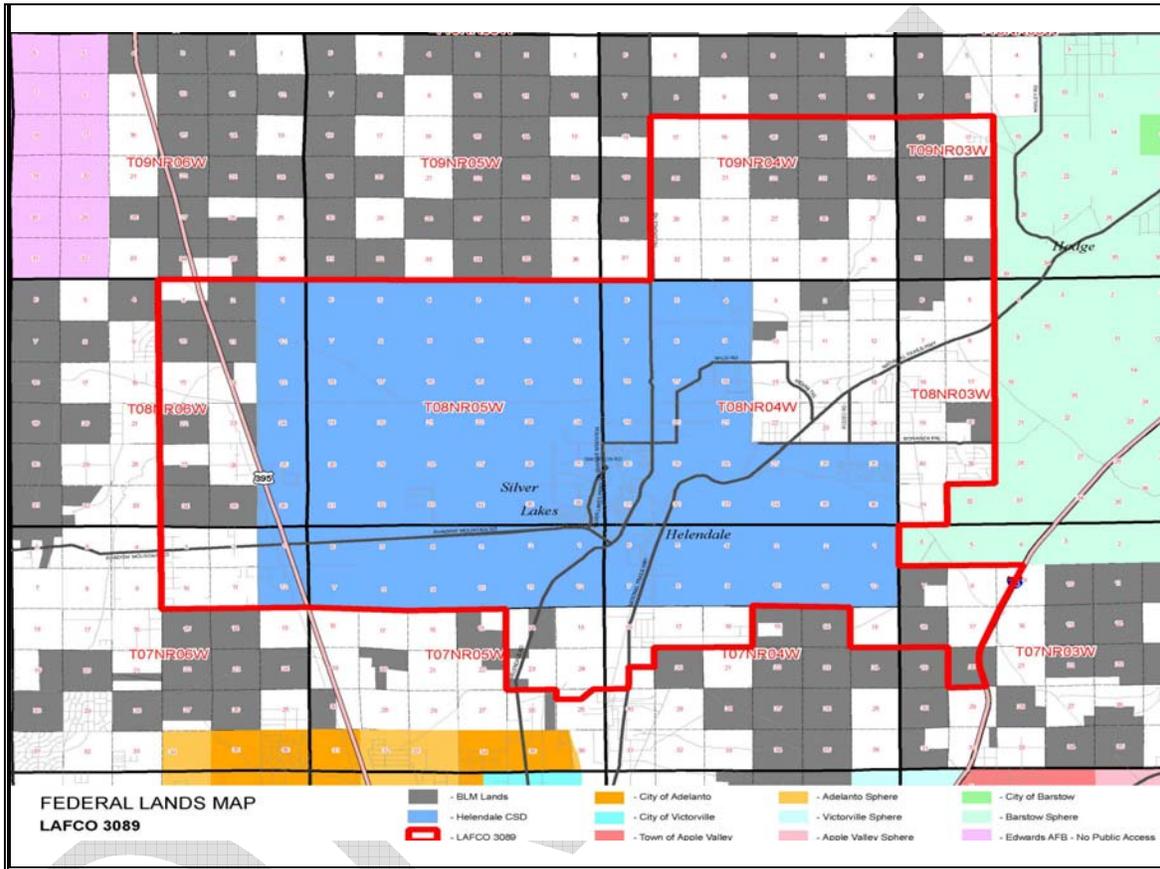
According to the Service Review information provided by the District, as received from the County Land Use Services Department, the 2008 population for the Helendale community as defined by the District boundary was 5,968 and the modified sphere expansion had a population of 909. Information has been received that identifies that the District had 2,928 registered voters as of June 4, 2010; and the sphere expansion had 235 registered voters identified as 149 within the western and northeastern sphere of influence expansion area and 86 within the modified southern sphere area.

The Transportation Analysis Zones formulated by the Southern California Association of Governments (SCAG) in this area are quite large and are difficult to pinpoint to the sphere modification. However, the materials submitted identify that the SCAG projections for the proposed sphere of influence establishment is from 3,210 households to 11,457 households by 2035. This projects an average growth rate of 4.8 percent. However, these SCAG numbers were prepared prior to the significant recession in the nation and region with the annual growth for

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2009 and 2010 estimated at less than 1 percent.

While the sphere of influence establishment for the District, as modified by Commission, is quite large encompassing 173 square miles (92 square miles are within the current district boundaries) the amount of private lands is significantly less than that total. The map below shows the public lands within the sphere expansion areas:



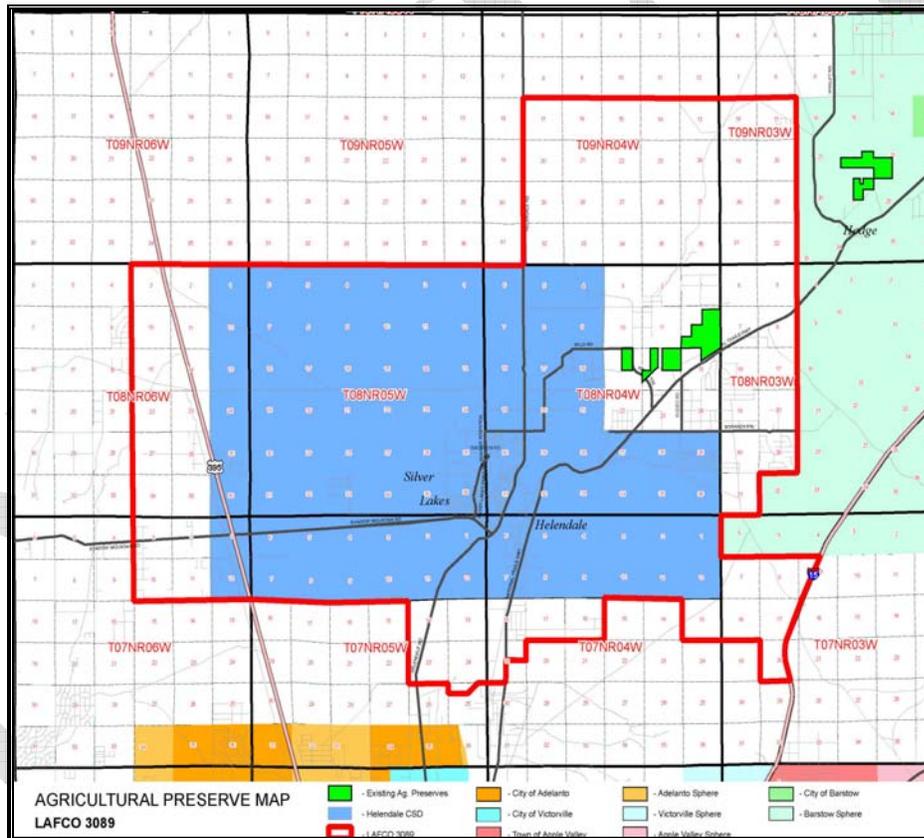
The chart below identifies land ownership within the Sphere establishment area:

Land Owner	Sq Miles	Percentage
Bureau of Land Management	24	13.25
Bureau of Land Management (in CSD)	48	26.52
Private landowners/Flood Control/CSD	101	60.23
Total	173	100.0%

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WILLIAMSON ACT CONTRACT LANDS:

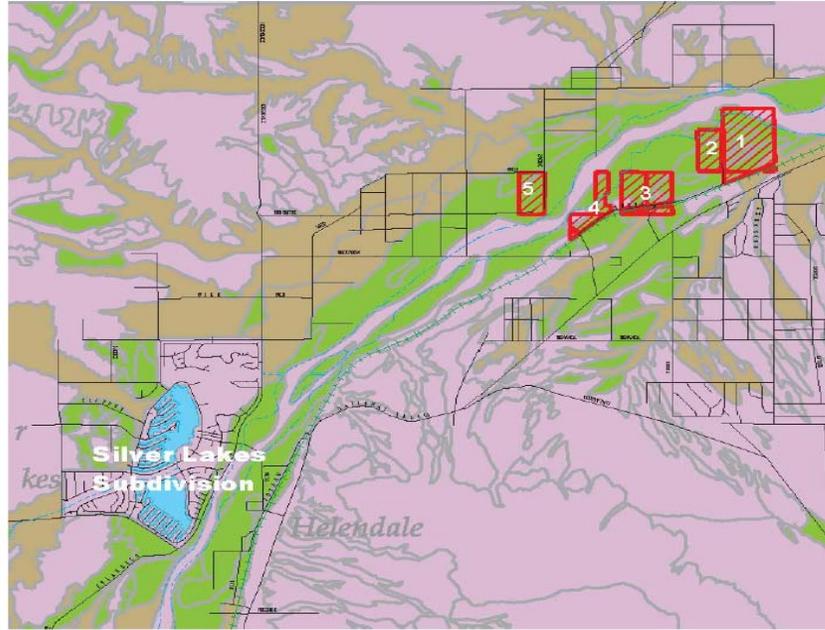
Included within the northeastern sphere area are Williamson Act Agricultural Preserves (Preserves) with operating Williamson Act Contracts (hereafter shown as "Contract"). The materials submitted by the District identify the location of the Contract areas and notes that each is currently active, meaning that each has a minimum of ten-years of active contract remaining. The Preserves are established by resolution of the County, must be 100 acres at their inception, and are required for the contract to be set up. These Contracts are entered into between the County and the landowner to establish the assessed valuation of the property at the lower agricultural use in exchange for the maintenance of the use for a rolling ten-year period. These contracts are recorded against the lands and are included on the assessment roll by the County Assessor. The cancellation process is instituted through the filing of a Notice of Non-Renewal, also recorded, which sets in motion a ten-year period where the assessed value is incrementally increased up to full value at its highest and best use. The map below identifies the location of the three Preserve areas:



In addition, the Service Review Report provides a more detailed map of the Contract locations and table describing the existing contracts. These Contracts are shown below:

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**Figure 2-6
Agricultural Parcels with Existing Williamson Act Contracts
Proposed Helendale Sphere of Influence**



Source: Stanley R. Hoffman Associates, Inc.
County of San Bernardino Current Planning Division

**Table 2-1
Agricultural Parcels with Existing Williamson Act Contracts
Proposed Helendale Sphere of Influence**

Map Number	Williamson Act Number	GIS Acreage	APN	Contract Began	Contract Status
1	84-577a	237.33	04-66-041-23 04-66-111-02	2/10/1984	Active
2	84-577c, 68-60	76.23	04-66-041-17	2/10/1984	Active
3	83-566	74.55 74.60	04-66-101-07 04-66-101-06	2/7/1983	Active
4	84-580	38.73 32.64	04-66-101-04 04-66-121-25	1/1/1984	Active
5	84-577b	80.78	04-66-091-17	2/10/1984	Active

Source: Stanley R. Hoffman Associates, Inc.
County of San Bernardino Parcel Data
Christney Barilla; Senior Planner, Current Planning, County of San Bernardino

Government Code Section 56426.6 provides the guidance for the Commission's deliberations regarding the inclusion of Contract lands within the spheres of influence of local government agencies. It specifies that the Commission should carefully review the inclusion of the Contract lands within the sphere of influence if an agency which provides for sewers, nonagricultural water, or streets and roads and whenever possible guide the sphere away from these lands. However, the Code Section allows for the inclusion in these types of

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agencies if the Commission makes specific determinations related to the continuation of and integrity of the contracts for the future. The Commission determines to include the Williamson Act Contract lands within the sphere of influence of the District even though its range of services includes the provision of sewers and non-agricultural water on the basis that it is not likely to adversely affect the continuation of the contracts in the area. The basis for that determination is:

1. The County, as the land use authority, will continue to administer the Williamson Act contracts as it has for the past 40+ years, Contract 68-60 being entered into in 1968. The County has defined policies and procedures as well as goals within its General Plan Conservation Element which reads as follows:

Policy CO 6.1 -- Protect prime agricultural lands from the adverse effects of urban encroachment, particularly increased erosion and sedimentation, trespass, and non-agricultural land development.

No change in Williamson Act Contract administration is anticipated. The ultimate decision for the continuing use of these lands for agriculture rests with the landowner. The sphere of influence designation does not provide any new service ability not currently available in the area through the development of a Zone of County Service Area 70; therefore, it is not an introduction of a new level of service.

2. In reference to the infrastructure plans for the District, the purpose of the sphere of influence establishment is to provide the agency with its anticipated probable physical boundary for planning purposes. The range of services provided by the District include water, sewer, parks and recreation, streetlights, refuse collection, and graffiti abatement.

Water and sewer service are provided in the core of the agency to the development known as Silver Lakes. Plans for expansion of these facilities would be in response to development proposals and are currently being undertaken as a part of the Specific Plan in progress with the County Land Use Services Department. No extension of these services is currently contemplated into the northeastern sphere area which includes the Contract lands.

Streetlighting is provided on public rights-of-way within the Silver Lakes development at the present time through the payment of the energy costs associated with the streetlights, the ownership of the light fixture remains with Southern California Edison (SCE). As identified in LAFCO 2996, the formation of the Helendale CSD, it succeeded to the responsibility for these services from CSA 70 Improvement Zone B. The provision of this service to additional territories is limited by the County of San Bernardino's adopted "Night Sky Ordinance" which limits the introduction of streetlights and other light sources. Extension of this service would only occur as requested by the County through coordination with SCE.

Parks and recreation, graffiti abatement and refuse collection are regional services which are not anticipated to have an effect on the likelihood of the continuation of agricultural uses in the area.

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

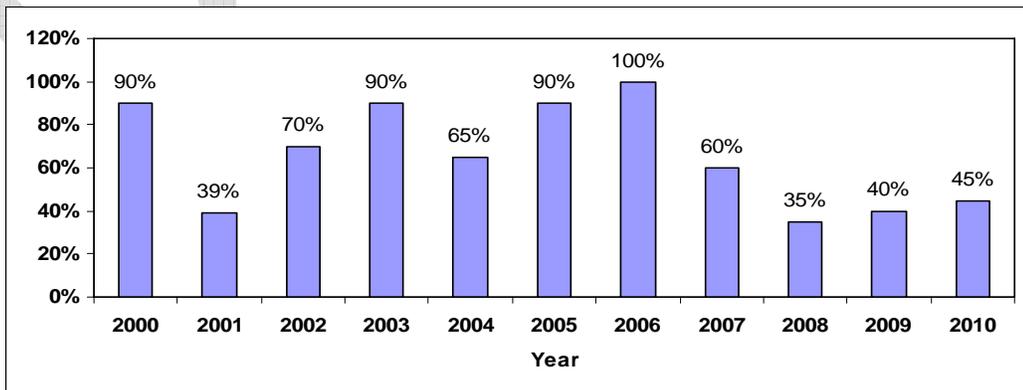
Currently, the District is authorized by LAFCO to provide water, sewer, streetlights, park and recreation, graffiti abatement and refuse collection (solid waste). Other services provided by regional service providers include: Fire protection is provided by the San Bernardino County Fire Protection District, its North Desert Service Zone and Service Zone FP-5 (paramedics); flood control is provided by the San Bernardino Flood Control District, the Mojave Water Agency is the State Water Contractor for the area and the Mojave Desert Resource Conservation District overlays the entirety of the area. In addition, the area is overlay by County Service Area 70 (multiple function agency) and County Service Area 60 (Apple Valley Airport). Analysis of these agencies is not included in this review.

Water

As the Commission has stated on many occasions, water is the lifeblood for communities located in the desert. Therefore, the most significant regional issue is present and future water supply. The 2007 State Water Project Delivery Reliability Report indicates that State Water Project (SWP) deliveries will be impacted by two significant factors. First, it is projected that climate change is altering hydrologic conditions in the State. Second, a ruling by the Federal Court in December 2007 imposed interim rules to protect delta smelt which significantly affects the SWP. Further, the Report shows, "...a continued eroding of SWP delivery reliability under the current method of moving water through the Delta" and that "annual SWP deliveries would decrease virtually every year in the future..." The Report assumes no changes in conveyance of water through the Delta or in the interim rules to protect delta smelt.

The figure below shows the allocation percentage that State Water Contractors were allowed to purchase since 1998. For example, Mojave Water Agency (MWA) (the State Water Contractor that overlays the study area) is entitled to purchase up to 82,800 acre-feet of imported water per year. As of May 20, 2010, for 2010 the allocation percentage is 45%; therefore, MWA can purchase up to 37,260 acre-feet in 2010. This sharp reduction in supplemental water supply will reduce the amount of water that MWA can place into the groundwater basin where the community pumps its water.

Department of Water Resources State Water Project Allocation Percentages Statewide (1998-2010)



source: Department of Water Resources

The high growth rate in the region, coupled with a continued overdraft of the Mojave groundwater

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basin in its entirety, 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. Producers are required to replace any water pumped above their Free Production Allowance by paying the Watermaster to purchase supplemental water or by purchasing unused production rights from another party. Due to the ongoing overdraft of the basin and challenges associated with the State Water Project, future supplies are limited and demand will exceed supplies unless the Department of Water Resources allocates additional amounts. This prompts water purveyors to scale back consumption annually, to aggressively promote water conservation measures, and to buy more expensive imported water. Finding efficiencies in managing limited supply sources is critical for the future of the community.

Water Rights and Production

The CSD is within Alto and Centro sub-regions of the Mojave Groundwater Basin, but its service area is currently wholly within Alto. According to the most recent Mojave Watermaster Annual Report, for Water Year 2008-09 (May 1, 2010), the CSD has water production rights (also known as Base Annual Production) of 2,621 acre-feet (AF) in the Alto Sub-basin. In Alto, Free Production Allowance (FPA) is currently at 60% of Base Annual Production, which permits 1,573 AF of FPA for 2010-11.

As noted in the most recent Watermaster Annual Report, “rampdown in Alto is not warranted at this time”. Producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster a replacement assessment to purchase supplemental water or by purchasing unused production rights from another party in the sub-area for the applicable production year. Additionally, each water producer within the Alto sub-basin, when applicable, is subject to the Watermaster replacement to the downstream Centro sub-basin (obligation is in acre-feet). This obligation is called Make-up Water Obligation and can generally be satisfied by: 1) paying the Watermaster assessment directly, 2) purchasing the acre-feet obligation from Centro water producers at a two-to-one ratio, or 3) purchasing transfer water from Centro producers before-hand.

As the table below identifies, the recent trend for the CSD’s water production indicates that it produces more than it’s FPA. Thus, it has to purchase water from other agencies within the sub-basin to avoid paying the higher replacement water and make-up water rates charged by the Watermaster. As shown in the table below, for Water Year 2006-07 the CSD produced 933 AF in excess of FPA. To offset the over production, the CSD transferred-in 933 AF from other agencies. In turn, the replacement water obligation to the Watermaster was removed.

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Helendale CSD – Alto Sub-basin
(Units in Acre-feet unless otherwise noted)

Water Year [Base Annual Production (BAP)]	Base Free Production Allowance [FPA] [Rampdown % of BAP]	Carryover from Previous Year and Transfers from Other Agencies	Verified Production	Unused FPA¹ or (Agency Overdraft)	Replacement Water Obligation [Agency Overdraft]	Makeup Water Obligation [Watermaster Replacement to Centro Sub-basin]²
2003-04 ³ [2,346]	1,643 [70%]	479	2,122	0	\$0	87 obligation 174 purchased at a total cost of \$12,180
2004-05 ³ [2,346]	1,525 [65%]	421	2,012	(66)	66 at a cost of \$18,546	\$0
2005-06 ³ [2,346]	1,408 [60%]	447	2,243	(388)	388 at a cost of \$95,448	62 obligation 124 purchased at a total cost of \$10,540
2006-07 [2,346]	1,408 [60%]	933	2,341	0	\$0	74 obligation 124 transferred & 25 purchased at a total cost of \$2,250 ⁴
2007-08 [2,527]	1,517 [60%]	824	1,983	358	\$0	110 obligation 221 purchased at a total cost of \$8,280
2008-09 ⁵ [2,621]	1,544 [60%]	1,699	1,770	1,473	\$0	93 obligation at a cost of \$35,921
2009-10 ⁶ [2,621]	1,573 [60%]	1,473	n/a	n/a	n/a	n/a
2010-11 [2,621]	1,573 [60%]	-	-	-	-	-

¹ Unused FPA is equal to the total FPA (Base FPA, carryover, and transfers) minus total Verified Projection, but not greater than FPA and FPA transfers.
² Obligation to the Centro basin is purchased at a two-to-one ratio.
³ Area formerly served by County Service Area 70 Improvement Zone C (Helendale) until WY 2006-07.
⁴ 124 acre-feet was purchased as a transfer of Free Production Allowance in the Centro Sub-basin which was used to satisfy the Make-up Obligation of the Watermaster.
⁵ Transfers from other water agencies not reconciled yet and data is subject to amendment in Appendix I in Seventeenth Annual Report of the Watermaster due May 2011.
⁶ Draft data (Appendix B) not available until early 2011.
sources: Mojave Basin Area Watermaster
Annual Report of the Mojave Basin Area Watermaster, for Water Years 2003-04 through 2008-09.
Requests for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments and Requests for Assignment of Free Production Allowances in Lieu of Payment of Makeup Water Assessments, for Water Years 2002-03 through 2008-09.

CSD Water and Proposed Sphere Establishment

According to maps from the Mojave Water Agency, County of San Bernardino General Plan, and LAFCO, there are no private or public water purveyors for domestic water in the proposed sphere establishment areas outside of the CSD’s current service area.

Sewer and water services are provided to residents within a portion of the CSD’s service area, which generally resembles the Silver Lakes subdivision area. Those without access to the water system within the CSD, and those within the proposed sphere expansion area, rely on on-site private wells for their water needs. The CSD states that it is not economically feasible, nor is it desired by residents, to extend the water system to serve the existing dwellings in these areas. Rather, as concentrated development occurs in the sphere establishment area outside of its current boundaries, annexation would be contemplated and developers would be required to pay

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connection fees for a water system to serve future residents.

The CSD provides drinking water to residents through a system of two reservoirs, which have a combined storage capacity of five million gallons, and nine groundwater wells. In 2007, approximately 689.5 million gallons of potable water was produced to meet a demand of 684.5 million gallons. In the future, the CSD also plans to increase water production by developing a new well, and by rehabilitating older, inactive, wells. Additionally, the CSD has planned to construct a water recharging facility that will allow it to purchase rights of water downstream. Future residential development may require connection to existing water and sewer systems or establishment of on-site systems that will be funded through connection fees and user charges. Additionally, the CSD has invested in leasing and purchasing water rights in order to avoid paying the higher replacement and make-up water costs of the Mojave Basin Watermaster.

Water Rates

A comparison of the residential water rates charged by the agencies within the Victor Valley Region is identified in the chart below.

Residential Water Rate Comparison (2010)
(rates measured in units, or one hundred cubic feet)

Agency	Water Use Fee				Monthly Meter Charge (3/4" Meter)	Monthly Average Cost (20 units of water)
	Tier One	Tier Two	Tier Three	Tier Four		
City of Adelanto (Adelanto Public Utilities Authority)	\$1.25	2.16	2.50	-	\$13.38	\$38.38
Apple Valley Ranchos Water Company	2.10	2.22	2.34	-	30.27	72.99
County Service Area 42 (Oro Grande)	1.64	1.82	1.97	-	34.39	68.27
CSA 64 (Spring Valley Lake)	0.64	0.78	0.85	-	10.51	24.15
CSA Zone J (Oak Hills)	1.57	1.80	2.36	-	13.29	46.07
Golden State Water Company – Apple Valley Service Area	2.11	-	-	-	19.15	61.35
Helendale Community Services District	0.81	0.90	1.01	-	8.01	25.38
Hesperia Water District	0.84	1.43	1.74	2.07	18.16	40.86
Phelan Piñon Hills CSD	1.81	2.01	2.08	-	13.01	50.41
Victorville Water District	1.47	-	-	-	17.50	46.90
Rates rounded to the nearest hundredth						

Sewer

For this determination the Commission has referenced the CSD’s application documents to include the *Sphere Amendment – Municipal Service Review* prepared by Stanley Hoffman Associates and the *Sphere of Influence Supplement* form required as a part of the CSD’s application.

Sewer services are provided to residents within the CSD’s core service area, which generally resembles the Silver Lakes area (which is the area of the former County Service Area 70 Zone C). Those without access to the water or sewer system within the CSD, and those within the proposed sphere establishment area outside of the current service area, rely on on-site private septic systems for their sewer needs. The CSD states that it is not economically feasible, nor is it desired by residents, to extend the sewer system to serve the existing dwellings in these areas. Rather, as concentrated development occurs in the establishment areas developers will pay

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connection fees for a sewer system to serve future residents.

The wastewater treatment plant that services the CSD's sewer system is located along Helendale Road, one half mile north of Smithson Road. The wastewater treatment plant is permitted to operate at a capacity up to 1.2 million gallons per day. It currently operates at an average of 500,000 to 700,000 gallons per day. Therefore, approximately 50% of the capacity at the wastewater treatment plant is available for future needs. Wastewater is treated to a secondary level and can be used for certain agricultural uses such as irrigating sod farms. It is also used to recharge the groundwater through spreading it into percolation ponds.

The CSD is also preparing a wastewater master plan that would provide tertiary treatment within a few years. Within the past few years, the CSD has replaced and updated equipment at the wastewater treatment plant, such as rehabilitating the primary clarifiers and modifying the headworks which have resulted in decreased operational costs. Also, the CSD plans to coordinate with the Helendale Homeowners Association for future use of the tertiary treated water on the golf course and landscaping areas. This would achieve greater efficiency in the use of water in the CSD service area.

Sewer Rates

A comparison of the residential sewer rates charged by the agencies within the Victor Valley Region is identified in the chart below.

Residential Sewer Rate Comparison (2010)
(Rates per equivalent dwelling unit)

Agency	Monthly Average Cost
City of Adelanto (Adelanto Public Utilities Authority)	\$47.82
Town of Apple Valley	\$23.58
County Service Area 42	\$72.22
CSA 64	\$32.32
CSA 70 SP-2 (Oak Hills High County)	\$36.98
Helendale Community Services District	\$36.64
Hesperia Water District	\$20.07
City of Victorville	\$23.70

Of note, only Adelanto and the Helendale CSD operate a wastewater treatment facility. The other agencies shown in the chart above are participants in the Victor Valley Wastewater Reclamation Authority (VWVRA) facility, a joint-powers authority.

Park and Recreation

Immediately following the formation of the District it began to provide recreational services to its constituents. This service included classes held at the District's office on a fee for service basis. No prior entity provided this service; therefore, no property tax funding was transferred during formation. In addition, the District has purchased a 74-acre ranch within the community and plans to develop the area into a community park for the residents use. At present the District provides for equestrian uses at the site (rental of boarding areas and training facilities). In the future ball fields are anticipated for a part of the southern portion of the property. This facility represents the first public park facility for this community.

Graffiti Abatement

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At present, the needs for this service are minimal and are provided through the Silver Lakes Homeowners Association and through the County for graffiti affecting road signs. In the future, as the need arises, the District will pursue a mechanism to address the provision and funding of this service.

Refuse Collection (Solid Waste)

As a part of the approval of the formation of the District (LAFCO 2996) it was authorized refuse collection services identified as follows:

Refuse Collection Collect, transfer, and dispose of solid waste and provide solid waste handling service, including, but not limited to, source reduction, recycling, composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.

At the time, the discussion with the County Solid Waste Management Division related to the potential transfer of responsibility for the existing Solid Waste Handling Franchise Agreement for the District's territory. This transfer of contract responsibility and franchise revenues from Burrtec Waste Industries was accomplished and the CSD is responsible for soliciting bids for providing the service prior to end of the Franchise Agreement term.

Correspondence was presented to the Commission dated September 1, 2009, signed by Norman Kanold, Assistant County Administrator, and Kimberly Cox, General Manager of the District, requesting that the Commission clarify this service as a part of the Service Review Sphere Establishment for the District. As described in the correspondence (a copy is on file in the LAFCO office), the County and District are working towards an agreement related to the transfer of the Solid Waste Management Disposal Facility Fee to the District. The County and District have requested that the Commission more clearly identify its Refuse Collection service definition as outlined in Resolution No. 2927.

The Commission determines that the service description included in Resolution No. 2917 approved by LAFCO is clear, that CSD law allows the District to provide for source reduction, recycling and the collection, disposal and handling of solid waste. The Commission determines that the transfer of these revenues to the District for support of a transfer station and recycling center would assist the area in a reduction in the number of trips to the Victorville Landfill and would allow for recycling which is not currently available outside the Burrtec Industries pick up service area.

At the time of the Commission's consideration of LAFCO 2996 for the formation of the District, the Commission was unaware of the existence of this Solid Waste Disposal Facility Fee. These fees have been in existence since 1973 when the County was first required to convert the dumps in the desert area from burning the waste, to a landfill operation. These fees are land use based and charged on the property tax bill of all developed parcels based upon the existing County Fee Ordinance. This fee pre-dates the adoption of Prop. 218; therefore, it cannot be raised above the \$85.14 per dwelling unit fee without an election.

The Commission reiterates its determination made during the processing of LAFCO 2996, that the service authorized under refuse collection would allow for the operation of a transfer station and a recycling center; would allow for the transfer of the proceeds from the land use fee known

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as the Solid Waste Disposal Facility Fees to the District to fund these services; and allow for the District and County to formally sign agreements to effectuate this change.

3. **Financial ability of agencies to provide services.**

For this review, the Commission has been provided the District's audits for the years ending June 30, 2009, June 30, 2008 and the District's first audit for the period April 1, 2007 through June 30, 2007. No audit was prepared by the County for the period of its operations, July 1, 2007 through March 30, 2007 preceding completion of LAFCO 2996. These reports identify the sources of the District's revenue as water sales, sewer fees, property taxes, and other operating revenues (franchise fees and recreation service charges). The audits identify that the District has expended substantial amounts over the last two years to address issues regarding replacement of waterlines due to water leak issues, acquisition of permanent and leased water rights to address needs above FPA, and the purchase of park lands. At the end of June 30, 2009 the District's water fund had no reserves, having used these proceeds to undertake the waterline replacement and other deferred maintenance activities. The Commission's standard is that a 10% reserve is necessary for any agency to indicate the ability to address unforeseen occurrences. The documents submitted by the District identify that the staff and District Board will be reviewing its water and sewer rates to address the changes in operation and the need to address its reserves.

The District provides financial reporting to the Board addressing its issues. At the November 2009 election, a permanent appropriation limit was approved by the electorate for the District.

Outstanding Debt

During Fiscal Year 2008-09 the District acquired Notes Payable to Municipal Finance Corporation for a total of \$2,789,750 to undertake capital improvements which include the purchase and lease of water rights, construction of Well 1A, construction of new treatment plant headworks for the sewer facility, construction of new sludge drying bed and other wastewater plant improvements.

4. **Status of, and Opportunities for, Shared Facilities.**

The District has indicated that it does not currently share facilities with other public agencies. However, its materials indicate that in the future it wishes to partner with the local School Districts to provide for park and recreation services.

5. **Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies.**

Local Government Structure and Community Service Needs

The Board of Directors meets on the First and Third Thursday of each month at the District's offices. The District employs a General Manager, Finance Manager, office staff and personnel with appropriate certifications to operate the water and wastewater systems for a total of 11.5 full time equivalent employees. The recreational services are provided by contract employees.

The formation of the District was approved at the November 2006 election by a vote of 855 (50.4%) Yes to 843 (49.6%) No and became effective December 5, 2006. The results of the election were contested and were affirmed by judicial review. The current members of the Board of Directors are:

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Board Member	Title	Term
H. James Keoshkerian	President	2011
Ron J. Clark	Director	2013
Sandy Haas	Director	2011
John Higdon	Vice-President	2011
Craig Schneider	Director	2013

Operational Efficiency

The District has been in operation for approximately 3.5 years and in that time has worked to provide for an efficient and effective delivery of service. The District continues to work toward operational efficiencies that will not decrease the level of service provided its constituents.

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 -- There are no out-of-agency service contracts on file with LAFCO, and the District has indicated in the materials submitted for this review that it provides no services outside of its boundaries.
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc. – Having been formed in December 2006 no other structure options have been evaluated.

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

1. The Present and Planned Uses in the Area

The District’s boundary and sphere comprise approximately 173 +/- square miles and includes the full range of land use designations from Specific Plan residential to Resource Conservation. Helendale, overall, is a rural community that is primarily comprised of residential, agricultural lands which includes ranches and dairy farms and government owned lands. There is some commercial activity which generally occurs within the Silver Lakes community and along National Trails Highway. No change in land use for the area will occur through the proposed sphere of influence designation as the County will remain the land use authority for the entirety of the area. No change in the administration of Williamson Act Contract lands will occur through the establishment of the sphere of influence as the County will retain jurisdiction. However, the ultimate decision for the continuing use of these lands for agriculture remains with the landowner.

At present the County Land Use Services Department has initiated a Specific Plan for the Helendale area stretching from the southerly sphere establishment boundary northerly past the Silver Lakes community to almost the Lockheed facility known as the “Skunkworks”. The rationale for beginning this process is that there is a number of land use applications filed with the County along the Mojave River corridor and a vision for the cohesive development of the area is necessary. The planning boundary, at present is westerly of the Mojave River; however, the Commission questions the exclusion of the territory along National Trails Highway since it remains the primary transportation corridor for the area.

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

There is a need for those who live in the community to receive municipal services. That need varies by the type of land use developed. The community of Silver Lakes within the larger Helendale community requires the full range of urban type services and those authorized through the District are provided – water, sewer, park and recreation, streetlighting, refuse collection and graffiti abatement. The more rural portions of the District are in need of only regional type services since they provide for their own water and sewer services on-site. These portions of the District receive the regional services of park and recreation and graffiti abatement and are anticipated to be able to participate in the regional transfer facility and recycling facility anticipated for the District's refuse collection powers once an agreement with the County is finalized.

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

The District currently provides for water, sewer, streetlighting and park and recreation services within its current service territory. Overall, current facilities and services delivered are adequate. The District provides retail water and distribution within its boundaries.

Most of the water storage system and primary distribution lines were transferred from the County during the transition to the independent special district and as required by the Commission's resolution of approval were accepted in their present condition. During Fiscal Year 2009-10 the District has upgraded the waterlines to reduce the leaking pipes which have reduced water consumption and electricity costs. However, the groundwater basins that serve as the primary water supply are over-drafted, and the District produces more than its free production allowance as defined by the Mojave Basin Watermaster. The District is seeking to acquire, and has acquired, permanent water rights and leased other water rights to address this issue.

The District's sewer facilities were acquired from the County upon its formation. The District has undertaken upgrades at the physical plant to address wastewater services and is proposing to upgrade the system to tertiary treatment to allow for use of recycled water within the community. The sewage treatment plant has excess capacity which will be available for use by anticipated development.

Currently, the District actively provides park and recreation classes at the District offices and has acquired property on which it anticipates the development of regional ball fields and other amenities. This park currently provides for equestrian uses through the District. These services generally meet the service needs of those within its boundaries of the District.

The District through its refuse collection authority is the administrator of the Franchise Agreement for waste collection within the District's boundaries. Information presented to the Commission outlines the District and County negotiations for an agreement whereby the District would succeed to the Solid Waste Disposal Facility Fee currently paid by the residents of the District in order to operate a transfer station and recycling facility. Materials presented to and considered by the Commission identify that its original approval and authorization of this service outlined the District's ability to provide these services.

4. **The Existence of any Social or Economic Communities of Interest**

Social communities of interest include the Helendale Community Services District and its

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residents, which includes the Silver Lakes community, and the residents within the larger Helendale School District. Economic communities of interest are limited in the area due to its land use designations and generally occur within the Silver Lake development and along National Trails Highway. The establishment of the sphere of influence for the District defines the larger community of Helendale.

5. Additional Determinations

- As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, *The Daily Press*. Individual notice was provided, at the direction of the Commission, to those landowners and registered voters within the area in conflict, the southern portion of the sphere establishment request. The balance of the sphere establishment proposal was not provided individual notice 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 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 will need to be 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 the Helendale Community Services District shall be limited to the following:

Helendale Community Services District	FUNCTIONS	SERVICES
	Water	Supply water for any beneficial use as outlined in the Municipal Water District Law of 1911 (commencing with Section 71000) of the Water Code Collect, treat, or dispose of sewage, waste water, recycled water, and storm water, in the same manner as a sanitary district formed pursuant to the Sanitary District Act of 1923 (commencing with Section 6400) of the Health and Safety Code.
	Sewer	Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law (commencing with Section 5780) of the Public Resources Code.
	Park and Recreation	Acquire, construct, improve, maintain
	Streetlighting	

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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 July 21, 2010.

DATED: _____

KATHLEEN ROLLINGS-McDONALD
Executive Officer

DRAFT