

**LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO**

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

DATE: APRIL 6, 2007

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #6 – LAFCO 3066 – Reorganization to Include Annexations to the City of Rialto and West Valley Water District, Detachments from the Bloomington Recreation and Park District and Central Valley Fire Protection District and Dissolution of County Service Area 70 Improvement Zone P-11 (Cactus Investment LLC)

INITIATED BY:

Landowner Petition, Cactus Investment LLC

RECOMMENDATION:

The staff recommends that the Commission take the following actions to conditionally approve LAFCO 3066:

1. With respect to the environmental review:
 - a. Certify that the Environmental Impact Report (EIR) and other related environmental documents prepared by the City of Rialto for the Rancho El Rivino Specific Plan project have been independently reviewed and considered by the Commission, its staff and its Environmental Consultant;
 - b. Determine that the EIR for the project prepared by the City is adequate for the Commission's use as a California Environmental Quality Act (CEQA) Responsible Agency for its determinations related to LAFCO 3066;
 - c. Determine that the Commission does not intend to adopt alternatives or mitigation measures for the Rancho El Rivino Project and that the mitigation measures identified for the project are the responsibility of the City and others, not the Commission;

- d. Make the finding that the dissolution of County Service Area 70 Improvement Zone P-11, which has been included as a part of the project, does not modify the conclusions in the environmental documentation submitted nor does it include any additional adverse environmental effects that would require further environmental evaluation;
 - e. Adopt the Candidate Findings of Fact and Statement of Overriding Considerations as presented by the Commission’s Environmental Consultant and attached to the staff report; and,
 - f. Direct the Clerk of the Commission to file the Notice of Determination within five days and find that no further Department of Fish and Game filing fees are required by the Commission’s approval since the City, as lead agency, has paid said fees.
- 2. Modify LAFCO 3066 to include the dissolution of County Service Area 70 Improvement Zone P-11 as a function of the reorganization;
 - 3. Approve LAFCO 3066, as modified, making the following determination:

Imposition of the restrictions contained within Government Code Section 56744 would be detrimental to the orderly development of the community; and the unincorporated corridor along the Riverside/San Bernardino County line, easterly of Cactus Avenue, cannot reasonably be annexed to another city or incorporated as a new city at this time.

The Commission’s approval of LAFCO 3066 shall include the following conditions:

- a. Standard terms and conditions that include the “hold harmless” clause for potential litigation costs, continuation of fees, charges, assessments, and the identification that the transfer of utility accounts will occur within 90 days of the recording of the Certificate of Completion;
- b. All streetlights currently the responsibility of County Service Area SL-1 within the reorganization area shall be transferred to the City of Rialto upon successful completion of the reorganization. The County Special Districts Department shall prepare the appropriate documentation to transfer the lights; LAFCO staff shall verify the data; and the City of Rialto shall sign the authorization form requesting Southern California Edison to transfer the specific lights to the City of Rialto accounts prior to the issuance of the Certificate of Completion;
- c. The protest proceedings are waived, as permitted by Government Code Section 56663(c), with 100% landowner consent to the annexation. However, issuance of the Certificate of Completion for this reorganization shall be held in abeyance, for a period not to exceed six months. The City of Rialto is required to initiate the annexation of the three totally-surrounded North Rialto Islands and the substantially-surrounded North Rialto Island southwest of Riverside Avenue,

identified in this staff report and maps on file in the LAFCO office, during the identified six-month abeyance period. Compliance with this condition shall be deemed completed upon issuance of the Certificate of Filing for the proposal or proposals addressing the four islands identified by the Commission;

- d. County Service Area 70 Improvement Zone P-11 shall be dissolved as a function of this reorganization; and,
 - e. Pursuant to the provisions of Government Code Section 56885.5(a)(4), the County of San Bernardino, as governing body for CSA 70 Zone P-11, is prohibited from taking the following actions unless an emergency situation exists as defined in Section 54956.5:
 - o approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency;
 - o appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission.
3. Adopt LAFCO Resolution No. 2961 setting forth the Commission's terms, conditions, findings and determinations.

BACKGROUND:

LAFCO 3066 is a proposal to annex approximately 164 +/- acres to the City of Rialto and the West Valley Water District, initiated by landowner petition. This reorganization is the culmination of efforts over approximately two years for annexation of this property to City of Rialto and West Valley Water District to allow for residential development of the territory. The reorganization being considered consists of three separate areas/actions identified as follows:

- 1) The primary reorganization area is to be annexed to the City of Rialto and detached from the Bloomington Recreation and Park District and Central Valley Fire Protection District. It encompasses approximately 164 +/- acres generally located north of El Rivino Road (existing Riverside/San Bernardino County boundary), east of Larch Avenue, south of Jurupa Avenue, and west of the City of Rialto. The study area is generally bordered by El Rivino Road on the south, parcel lines on the west and north, and a combination of the City of Rialto boundary and parcel lines on the east. The site includes areas east and west of Cactus Avenue. (A copy of the map is included as a part of Attachment #1.)
- 2) The area to be annexed to the West Valley Water District encompasses approximately 127 +/- acres generally located north of El Rivino Road (existing Riverside/San Bernardino County boundary), east of the existing West Valley Water

District boundary, south of Jurupa Avenue, and west of Cactus Avenue. The study area is generally bordered by El Rivino Road on the south, parcel lines on the west, the existing West Valley Water District boundary on the north, and Cactus Avenue (existing West Valley Water District boundary) on the east. (A copy of the map is included as a part of Attachment #1.)

- 3) The area of the proposed dissolution of County Service Area 70 Improvement Zone P-11 (CSA 70 Zone P-11) encompasses approximately 37 acres and is generally located west of the existing City of Rialto boundary, north of parcel lines north of Cricket Drive, east of Cactus Avenue and southerly of parcel lines. CSA 70 Zone P-11 was originally formed in 1996 to address service delivery to Tract No. 15544 for streetlighting, drainage, detention basins, landscape maintenance and equestrian trail services. Tract No. 15544 was never finalized; however, CSA 70 Zone P-11 has been legally formed since 1996. (A copy of the map is included as a part of Attachment #1.)

As noted above, the proposal was initiated by landowner petition. The Certificate of Sufficiency was issued for the proposal on July 20, 2006, indicating that it possessed signatures of 100% of the landowners. LAFCO staff notified the applicant and the City of Rialto that in order for the application to be deemed complete, submission of the documentation related to pre-zoning of the property and the preparation and certification of the Plan for Service, including a Fiscal Impact Analysis, as required by State law, were needed. LAFCO staff notified the parties that once the materials were received, processing of the application would proceed.

In actuality, the landowner began the process of preparing a Specific Plan for its development project through the City of Rialto much earlier than the submission date of this application. The General Plan Amendment and Specific Plan processed by the City of Rialto are intended to be the necessary pre-zone pursuant to the provisions of Government Code Section 56375(e). The "Rancho El Rivino Specific Plan" was adopted by the City of Rialto on February 20, 2007, along with its Final Environmental Impact Report, Statement of Overriding Considerations, Mitigation Monitoring and Reporting Program and Development Agreement. In addition, the City accepted the modified Plan for Service, including a Fiscal Impact Analysis, required to be prepared and certified by the City for LAFCO processing. This requirement was also completed for the project at the February 20, 2007 City Council meeting.

As the Commission is acutely aware, the reorganization area is located in the southeastern portion of the community of Bloomington and was a part of the Bloomington Incorporation Commission (BIC) incorporation effort. BIC has strongly opposed this proposal in hearings related to its incorporation effort on the basis that it cut off the territory southeast of Cactus Avenue, within the Agua Mansa Industrial Corridor Specific Plan, from any future incorporation, because it further erodes the tax base for a future incorporation and because the land use intensity proposed exceeds the Community Plan for one-half acre lots. This concern was also conveyed to the City of Rialto as a part of its consideration of the General Plan Amendment and Specific Plan review process.

With the required materials provided, the Commission will need to focus its consideration on the four specific areas of review: boundaries, land uses, services to be delivered and the impacts on other service providers and environmental considerations. Staff's response to each of these areas of review are provided below with the understanding that further specific information on these and other issues are contained in the documentation provided by the City of Rialto, the West Valley Water District, and the applicant, landowner Cactus Investment LLC.

BOUNDARY DISCUSSION:

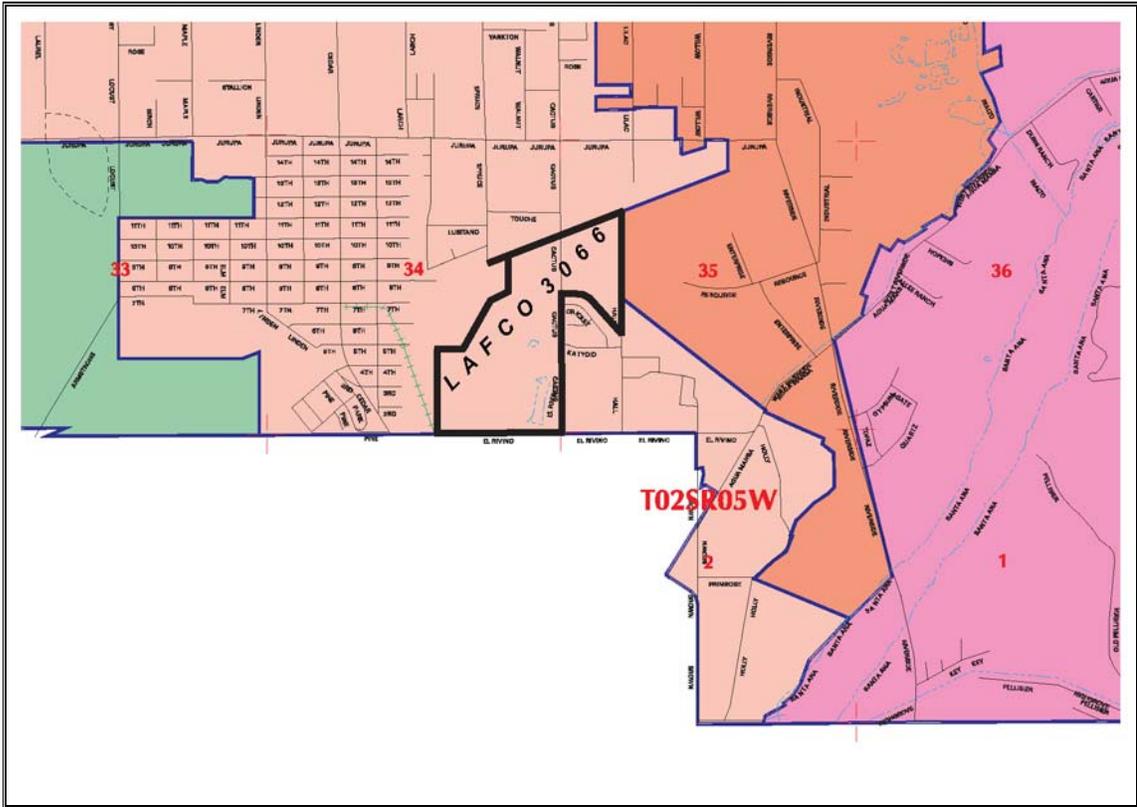
The primary area of reorganization encompasses 164 +/- acres proposed to be annexed to the City of Rialto and detached from the Board-governed Bloomington Recreation and Park District and the Central Valley Fire Protection District. The annexation to the West Valley Water District is that portion of the larger reorganization that is not currently a part of the District, primarily the area of the now defunct El Rivino Country Club, encompassing approximately 127 +/- acres.

In processing this proposal, staff discovered that there was an existing improvement zone to County Service Area 70 created in 1996 to address service issues to a proposed Tract 15544 within the reorganization area. CSA 70 Zone P-11 was designed to provide the services of streetlighting, drainage, detention basin, landscape maintenance and equestrian trail services to the area easterly of Cactus Avenue within LAFCO 3066. Staff has modified the proposal to include the dissolution of CSA 70 Zone P-11 so that it will be removed from the tax rolls since all of these services are contemplated to be provided by either the City of Rialto or the Homeowners Association to be created.

Boundary Issues for Review:

There have been a number of occasions over the past several years where the Commission has been critical of piecemeal annexation strategies employed by cities or applicants, seeking to address only the service needs of a particular area. The applicant for this proposal is seeking the annexation of only the properties which it owns in order to receive the required urban level services required for its development project. The landowner has specifically not included additional territory within the Bloomington community not a part of its project, in deference to the community's desire for incorporation or the residents' desire to be left alone. This position and Commission directives require that three boundary issues be considered, identified as follows:

1. The boundary as proposed will create a corridor of unincorporated territory to the southeast of the proposed reorganization. This territory is generally bounded by City of Rialto boundaries on the north, the Cities of Rialto and Colton boundaries on the east, by the Riverside County line and Cactus Avenue on the west, and by LAFCO 3066 on the northwestern edge. The area is shown on the map below.



The bulk of this area is a part the Agua Mansa Industrial Corridor Specific Plan, a specific plan jointly adopted by the City of Rialto, City of Colton, County of San Bernardino, and County of Riverside for essentially the territory that comprised the Agua Mansa Enterprise Zone. Only the residential community between Cactus and Hall Avenues, in and around Katydid Avenue is not a part of this Specific Plan.

This corridor is located in the southeastern portion of the community of Bloomington and was a part of the recent BIC incorporation effort. As noted above, BIC has strongly opposed this proposal on the basis that it cut off the territory southeast of Cactus Avenue, within the Agua Mansa Industrial Corridor Specific Plan from any future incorporation.

The options available to the Commission in addressing the creation of this corridor of unincorporated territory are:

- a. expansion of LAFCO 3066 to include the whole of the area;
- b. require the City of Rialto to initiate the annexation of the corridor area as a condition of approval for LAFCO 3066; or
- c. approve LAFCO 3066 creating the corridor and make the determinations required by Government Code Section 56375(m).

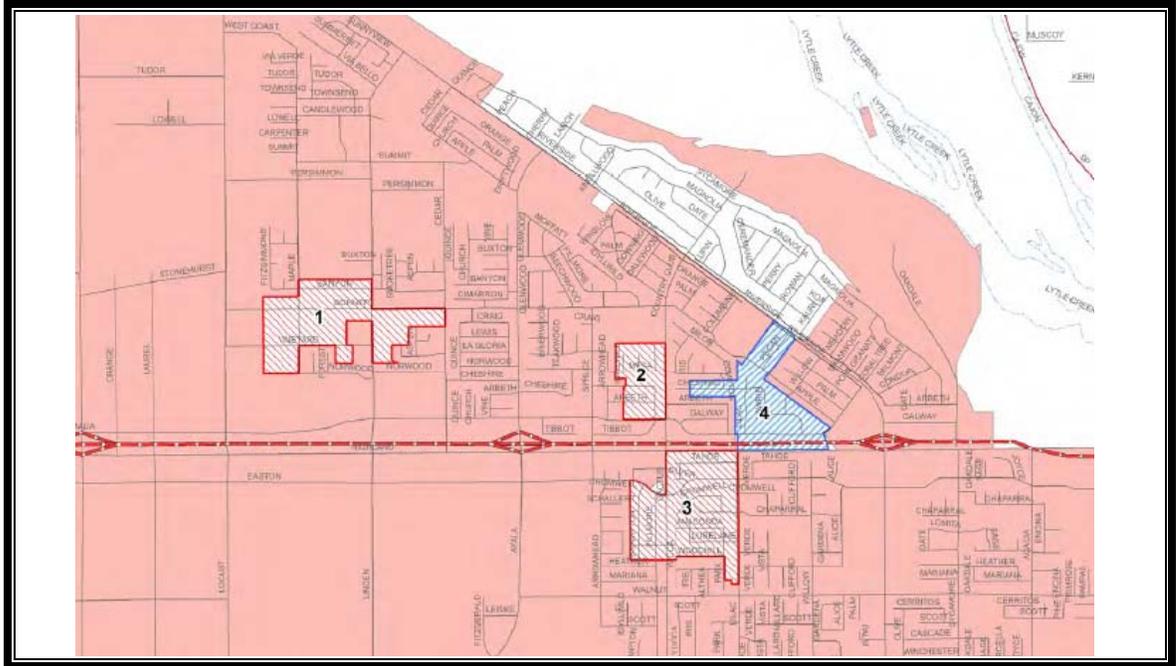
In reference to option a the residents, who are also registered voters, of the Katydid Avenue, Cricket Drive area have submitted petitions expressing their opposition to LAFCO 3066 and any future annexation to the City of Rialto. Therefore, in the staff view, expansion of the proposal to include this larger area would terminate the proceeding. This view is based upon the addition of this area making LAFCO 3066 legally inhabited and the registered voters would then decide the fate of the reorganization. Option b would require that the City submit a reorganization proposal addressing the balance of the area. As noted, this area is legally inhabited; and while its success or failure is untested in the past, the residents in the area have expressed their support for the incorporation of Bloomington rather than being included in the City of Rialto. Option c allows for the completion of this proposal on the basis of its need for municipal level services and for the balance of the corridor its services are currently provided by a consortium of service providers including the Rubidoux Community Services District, West Valley Water District, and County Service Area 38, as anticipated by the Agua Mansa Corridor Industrial Specific Plan.

Therefore, in the staff view, either Option b or c would be appropriate. In considering which of these options to recommend, staff evaluated the opposition by representatives of the area as well as BIC to any annexation to the City of Rialto, and this annexation in particular. Their rationale for opposition, as understood by staff, is summarized as follows: (1) it will sever the Bloomington connection to the unincorporated Agua Mansa Corridor Industrial Specific Plan area along the Riverside/San Bernardino County line; (2) it will remove a portion of the property tax base from the community of Bloomington, further eroding its ability to ultimately incorporate; and (3) the intended land use is not in keeping with the provisions of the Bloomington Community Plan and community desires for minimum one-half acre lots. This long-held position would, in the staff view, render success of a subsequently initiated proposal remote. Therefore, given the legally inhabited nature of the balance of the territory, staff supports choosing option c, making the determinations required by Government Code Section 56375(m) as follows:

“Imposition of the restrictions contained within Government Code Section 56744 would be detrimental to the orderly development of the community and the unincorporated corridor along the Riverside/San Bernardino County line, easterly of Cactus Avenue cannot reasonably be annexed to another City or incorporated as a new City at this time.”

2. Early in the process, LAFCO staff reviewed with City staff the Commission's directives which require a city to address its totally- or substantially-surrounded islands when discussing development-related annexations. The City of Rialto's islands were outlined in the Commission's general discussion of islands and its policies on March 31, 2005. At that time, the materials presented to the Commission specifically identified four islands that were totally or substantially (exceeding 75%). These discussions did not include a review of territory associated with the Bloomington community due to its efforts toward incorporation of their territory. The islands discussed at the March 31st hearing in the North Rialto area which are totally

or considered to be substantially surrounded are shown on the map below:



Following the discussion which took place with City staff, the City of Rialto undertook a fiscal impact analysis to determine the costs for providing service to the four islands within its northern sphere, shown on the map above. LAFCO staff has never received a copy of the fiscal impact analysis commissioned by the City of Rialto; however, it is our understanding that it indicated that the revenues to be received were not sufficient to sustain a city-level of service since the City's Utility Users Tax could not be extended to the areas. However, no official conveyance of such a City position on this issue has been provided to date.

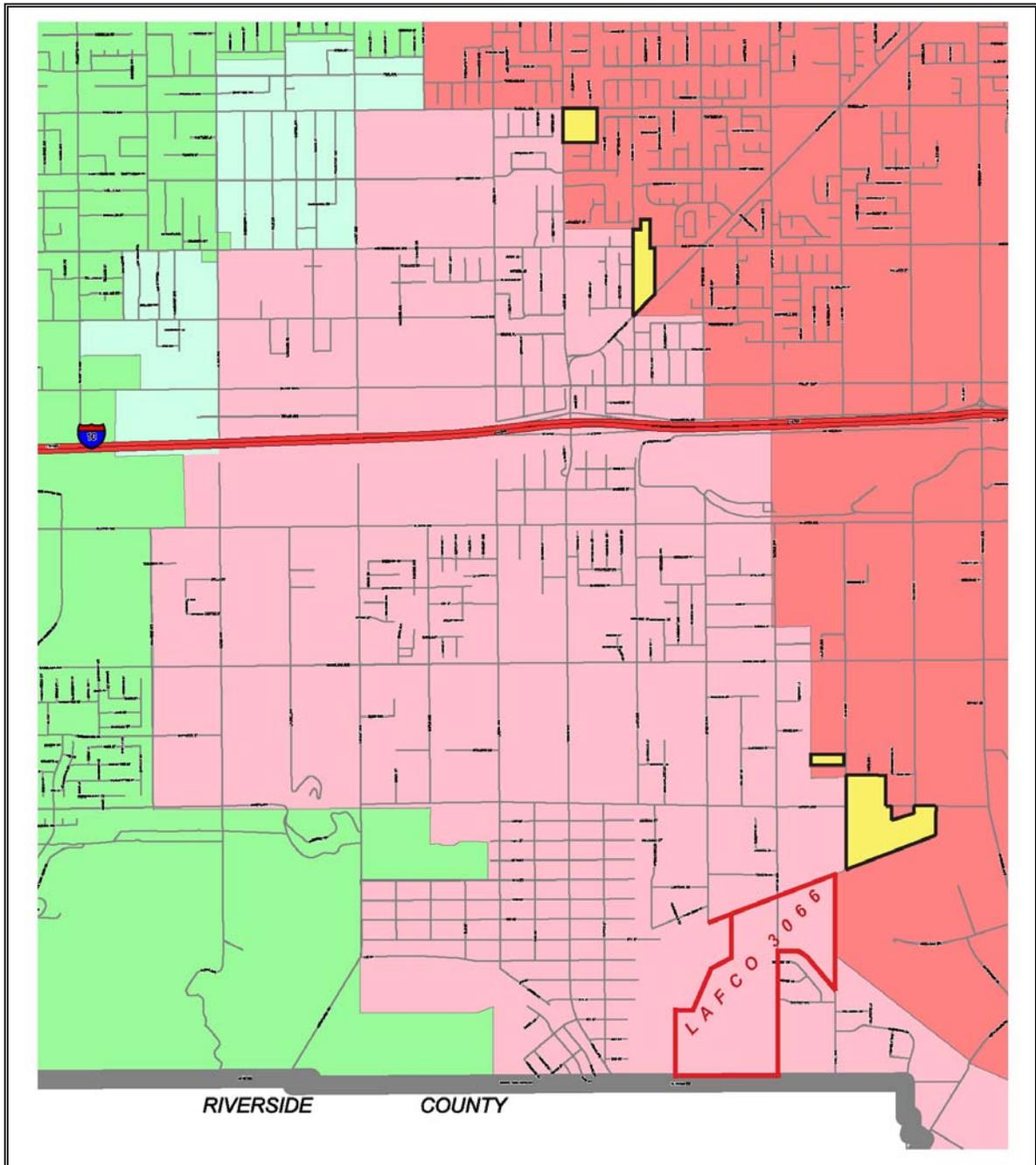
What LAFCO staff does know is what the property tax transfer implications are for these areas based upon existing County policies for island annexations. The chart which follows outlines the existing property tax receiving entities which will be detached, thereby relieved of their property tax share, and their revenues transferred to the City of Rialto. As this chart shows, the annexation of the four islands will transfer to the City property tax revenues of 21.06% based upon existing County policy. The City of Rialto's historic percentage share of property tax revenue is 13.642183%. Under the normal property tax transfer process, the County General Fund would receive the 7.42% of the property tax above the City's historic rate. However, the existing County policy for an island annexation is that the receiving City shall receive a minimum of its historic share or the full share of detaching entities, whichever is greater.

Area/Affected Agency	Percentage Share of Property Tax	Revenues
Island #1 (06-07 Value \$11,811,899; Property Tax Revenues \$118,119)		
County Service Area 70	2.442266	\$2,885
Central Valley Fire Protection District	17.184959	\$20,299
County Service Area SL-1	1.415458	\$1,672
TOTAL	21.06%	\$24,856
Island #2 (06-07 Value \$14,265,227; Property Tax Revenues \$142,652)		
County Service Area 70	2.442266	\$3,484
Central Valley Fire Protection District	17.184959	\$24,515
County Service Area SL-1	1.415458	\$2,019
TOTAL	21.06%	\$30,018
Island #3 (06-07 Value \$37,676,953; Property Tax Revenues \$376,770)		
County Service Area 70	2.442266	\$9,202
Central Valley Fire Protection District	17.184959	\$67,748
County Service Area SL-1	1.415458	\$5,333
TOTAL	21.06%	\$82,283
Island #4 (06-07 Value \$22,354,021; Property Tax Revenues \$223,540)		
County Service Area 70	2.442266	\$5,459
Central Valley Fire Protection District	17.184959	\$38,415
County Service Area SL-1	1.415458	\$3,164
TOTAL	21.06%	\$47,038
TOTAL OF ALL FOUR ISLANDS	21.06%	\$184,195

At this time, staff does not know precisely the population of the four islands, but the City of Rialto would receive existing subvention rates for restricted revenues based upon population and they would receive the \$50 per capita associated with the AB 1602 calculation, so long as the annexations are completed prior to January 1, 2009.

Therefore, staff's recommendation includes the imposition of a condition that requires the City of Rialto to initiate the annexation of the four North Rialto islands prior to issuing the Certificate of Completion for LAFCO 3066, in keeping with Commission directives. The condition language reflects this requirement within the context that LAFCO 3066 possesses 100% landowner consent; therefore, the protest proceedings are waived. The issuance of the Certificate of Completion will be held in abeyance until compliance with the condition of approval.

Staff has not included a discussion of the substantially-surrounded island and corridors areas within the City of Rialto sphere of influence which are a part of the Bloomington community. There are four areas north of the proposed reorganization which would qualify, as illustrated on the map below:



At this time staff does not recommend that the approval of LAFCO 3066 be conditioned upon requiring the City to address these islands because these areas are a part of the larger community of Bloomington and there is a need to phase the City's approach due to financial concerns. However, they may be a matter of consideration for conditional approval of future development-related annexations since the island provisions have been extended to January 1, 2014.

3. On several occasions in the past, Commission members have expressed concern regarding the transfer of service responsibilities when the areas being annexed have no practical connection to City service delivery patterns. In the present case, the annexation area is contiguous to existing City of Rialto boundaries along the natural extension of Hall Avenue. This area is the western boundary of the industrial development which is a part of the Agua Mansa Industrial Corridor Specific Plan. There is no roadway connection from this industrial area through to the proposed annexation territory; however, as the development identifies, it is anticipated as gated communities, one on either side of Cactus Avenue, with private internal roads. Therefore, development itself does not propose nor allow for a roadway connection to the larger City of Rialto area by design.

However, access to the development proposed for this area anticipates improvements to Jurupa Avenue and El Rivino Road, both anticipated to be major arterials on plans adopted by the City of Rialto and the County of San Bernardino. These improvements will assist in the delivery of service, but do not overcome the issue of no direct roadway access to the City of Rialto. However, pursuant to the Development Agreement between the landowner and City of Rialto, improvements required, such as development of a new fire station and funding for augmented law enforcement services, will address service delivery issues and mutual and automatic aid agreements will assist in on-the-ground services to these gated communities.

LAND USE:

Existing land uses within the primary area of annexation include the non-operational El Rivino Country Club and vacant lands. The area west of Cactus Avenue (approximately 130 acres) is the El Rivino Country Club including the clubhouse, maintenance buildings, water reservoir etc. This facility is not currently in operation, lying dormant at the present time. The area east of Cactus Avenue (approximately 35 acres) is vacant land.

Land uses surrounding the site include: to the west are existing and planned residential developments at an intensity of 3-6 dwelling units per acre and the Green Acres Memorial Park (cemetery); to the north is a combination of vacant lands and residential development, including an existing residential tract under construction developing with 3 to 6 dwelling units to the acre; to the east within the City of Rialto are large distribution and warehousing operations and, within the unincorporated area, some residential development of 0-2 dwelling units per acre within the Agua Mansa Industrial Corridor Specific Plan; to the south, within Riverside County, is vacant lands and a large industrial use, the Riverside Cement Plant.

Through the adoption of the Rancho El Rivino Specific Plan, the City has outlined the ultimate land uses within the area and the applicant has identified its vision for the development project. As outlined, the project envisions two separate gated communities with entrances off of Cactus Avenue, east and west, comprising a maximum total of 726 dwelling units. A complete copy of the Specific Plan was provided to Commission members at the March 21, 2007 hearing. The processing by the City included a General Plan

Amendment which designated the entire area of the project as “SPZ” Specific Plan Zone with a development plan land use allocation identified as follows:

SF-E (Single-Family Estate) Allows for up to three (3) dwelling units per acre with a minimum lot size of 20,000 square feet. The location of this land use designation is to provide a buffer for the existing residential uses. Table 1 of the Specific Plan identifies 4.4 acres assigned this designation.

SF-1 (Single Family 1) Minimum lot size is 7,200 square feet with a maximum density of four (4) dwelling units to the acre. The Development Plan identifies that lots within the SF-1 and SF-E designation allow for a regional equestrian trail along the east boundary of the annexation to the regional trail system. The Plan identifies 31.4 acres assigned this designation.

SF-2 (Single-Family 2) Minimum lot size is 5,000 square feet with a maximum density of five (5) dwelling units to the acre. The Plan identifies 81.1 acres assigned this designation.

SF-3 (Single-Family 3) Minimum lot size is 4,500 square feet with a maximum density of six (6) units per gross acre. Included within this classification area will be a neighborhood park. The Plan identifies 41.0 acres assigned this designation.

Other uses such as paseos, neighborhood park, equestrian trails, etc. are identified for 10.3 acres within the Plan.

The City’s Specific Plan land use designations are the pre-zoning for the site as required by Government Code Section 56375. Once annexed, pursuant to the provisions of Government Code Section 56375 (e), no change can be made to the General Plan or Specific Plan that is not in conformance with the pre-zoning determinations for a period of two (2) years. The law allows for a change if the City Council makes the finding, at a public hearing, that a substantial change in circumstance has occurred that necessitates a departure from the pre-zoning outlined in the application made to the Commission.

It is the staff’s position that the land uses identified in the City’s Rancho El Rivino Specific Plan require a broad range of municipal services which can be most effectively and efficiently be provided by the City of Rialto and the West Valley Water District.

FINANCIAL EFFECTS AND SERVICE CONSIDERATIONS:

In every consideration for jurisdictional change, the Commission is required to review the existing and proposed service providers within an area. Due to the existing nature of the lands comprising LAFCO 3066, a combination of vacant lands and the El Rivino Country Club, government service requirements are currently minimal, generally encompassing law enforcement and fire protection. The current service providers include the California Highway Patrol for law enforcement services along the existing roadways, the County of San Bernardino Sheriff Department for other law enforcement issues, Central Valley Fire

Protection District (structural fire protection), County Service Area SL-1 (streetlights) and County Service Area 70 (multi-function agency). The area is included within the boundaries of the Bloomington Recreation and Park District for park and recreation services; however, due to the uninhabited nature of the area, no direct services are currently provided.

As outlined above, the Rancho El Rivino Specific Plan anticipates and requires the full range of municipal-level urban services to the gated communities. The City of Rialto has provided a “Plan for Service” for this proposal as required by law which includes a Fiscal Impact Analysis outlining its ability to provide its range of services to the area and the conditions for receipt of those services. Included with the materials for review is a Development Agreement, approved by the City and project proponent, outlining land use assumptions, financing and services requirements for this area. In addition, the Specific Plan identifies in the “Specific Plan Implementation” section that there will be created a Homeowners Association (HOA) through follow-up Conditions, Covenants, and Restrictions (CCRs) for this project. The Specific Plan and Plan for Service identify that the HOA will be responsible for the internal roadways of the gated community, the landscaping of the project entries and special areas; and shall maintain the private parks and related facilities, and landscape easements.

In addition, the water provider is to be the West Valley Water District. Approximately one-third of the area of LAFCO 3066 is currently within this agency’s boundaries; therefore, as a part of the proposal, annexation of the balance of the territory will take place. The West Valley Water District has provided a Plan for Service for the portion of the area to be annexed to it, as required by law. Copies of the Plan for Service and Fiscal Impact Analysis and Development Agreement signed by the City of Rialto are included as Attachment #2. The Plan for Service prepared by the West Valley Water District is included as Attachment #3.

1. Water Service:

Existing water service to the area was provided by landowners, specifically the El Rivino Country Club, through wells. Water service needs anticipated for the project are to be provided by the West Valley Water District, as outlined in its Plan for Service.

2. Sewer Service:

There is no sewage collection system within the area at the present time. The El Rivino Country Club operated an on-site septic system for its needs. The Plan for Service anticipates the extension of sewer service to the project by the City of Rialto.

3. Circulation:

Existing roadways within the area include Cactus Avenue and El Rivino Road and the Specific Plan identifies improvements for these roadways. The natural extension of Hall Avenue makes up the eastern boundary of the site but is an unimproved roadway at present. The Specific Plan identifies the improvements to be made to

Hall Avenue. In addition, the Development Agreement identifies additional public facility improvements necessary for the intersections of Cactus Avenue and Jurupa Avenue and Cactus Avenue and Santa Ana Road. As noted above, the Rancho El Rivino Specific Plan presents two separate gated communities, with separate development areas east and west of Cactus Avenue. The internal roadway system is identified as private roads to be maintained and owned by the HOA required for the project. The Traffic Impact Analysis for the proposal identified the Fair Share Fees to be assessed the project; the Development Agreement outlines the methodology to be used for assessing these fees.

4. Fire Protection:

Fire protection services are currently the responsibility of the Central Valley Fire Protection District for structural fire protection and paramedic services. These responsibilities will be transferred to the City of Rialto upon completion of the reorganization. In addition, as noted in the Development Agreement, the proponent is required to fund the construction of a fire station within the area for delivery of this service through the City.

5. Law Enforcement:

General law enforcement is currently provided within the area by the County Sheriff's Department and traffic law enforcement is provided by the California Highway Patrol. Following reorganization, both service responsibilities will be transferred to the City of Rialto.

6. Park and Recreation Services:

Regional park and recreation services are currently provided by the County Regional Parks system and the Bloomington Recreation and Park District. Following reorganization, the Bloomington Recreation and Park District will be detached and its service responsibilities assumed by the City of Rialto. Representatives of the County Special Districts Department, administrators for the Bloomington Recreation and Park District, have submitted their opposition to the reorganization on the basis that it will erode the tax base necessary to support the District's services (a part of Attachment #5 to this report). The Special Districts Department has requested that the retention of the overlay of the Bloomington Recreation and Park District be considered for this proposal. The possibility of such a change in policy was discussed in the municipal service review/sphere update for the Bloomington Recreation and Park District due to its lack of sufficient revenue to maintain and operate its facilities in the long-term and the continuing erosion of that revenue.

The City of Rialto has responded to the request of the Special Districts Department indicating its opposition to a change in the policies of the Commission to detach and transfer service responsibilities in the area from the existing Board-governed service providers. Regional facilities will be available from the City of Rialto and a listing of their facilities is included in the Plan for Service. Additionally, the gated communities

will have internal, privately-owned parks for their residents use. While staff agrees with the concerns regarding the long-term erosion of the property tax base for the Bloomington Recreation and Park District, this area contributes a minimal amount, \$2,248 per year, to that fund and requires no existing services.

In addition, CSA70 Zone P-11 was created for Tentative Tract 15544, comprising the territory easterly of Cactus Avenue, for the provision of streetlighting, landscape maintenance, and equestrian trails, functions commonly provided through recreation and park districts. As identified in other parts of this report, the reorganization has been expanded to include the dissolution of this agency, as these functions will be provided by either the City of Rialto or the anticipated HOA.

7. Streetlights:

Streetlights are currently funded within the area through County Service Area SL-1. While the Plan for Service does not specifically outline the transfer of this responsibility, the Commission's adopted policy requires documentation of the transfer of this responsibility through verification of lighting facilities to be transferred and requiring the submission by the City of a signed form authorizing the transfer upon completion of the reorganization. Staff has included this condition in its recommendation for approval. There are six (6) lights to be transferred and it is estimated that the annual cost of operation is \$600 (approximately \$100 per light, per year energy costs). The property tax transfer from CSA SL-1 to the City is \$12,188, which exceeds the estimated cost of continuing this service.

As required by Commission policy and State law, the Plans for Service submitted by the City of Rialto and the West Valley Water District show that the extension of their services anticipated for the area will maintain, and/or exceed, current service levels provided through the County.

ENVIRONMENTAL CONSIDERATIONS:

The City's processing of the General Plan Amendment and the El Rivino Specific Plan has included the adoption of the project's environmental documents. LAFCO's Environmental Consultant, Tom Dodson and Associates, has reviewed these documents and indicated that they are adequate for the Commission's use as a responsible agency for LAFCO 3066. Copies of the environmental documents, including, but not limited to, the Final EIR, Mitigation Monitoring and Reporting Program, and Statement of Overriding Considerations were provided to Commission members at the March 21, 2007 hearing. Mr. Dodson has indicated in his letter to the Commission the actions that are appropriate for the review of LAFCO 3066. A copy of Mr. Dodson's analysis is included as Attachment #7 to this report. The actions are:

- Certify that the Commission, its staff, and its Environmental Consultant have individually reviewed and considered the EIR and related actions taken by the City of Rialto.

- Determine that the Final EIR is adequate for the Commission’s use in making its decision related to LAFCO 3066.
- Determine that the Commission does not intend to adopt alternatives or mitigation measures for the project. Mitigation measures required for the project are the responsibility of the City and others, not the Commission.
- Determines that the dissolution of County Service Area 70 Improvement Zone P-11, which has been included as a part of the project, does not modify the conclusions in the environmental documentation submitted nor does it include any additional adverse environmental effects that would require further environmental evaluation.
- Adopt the Candidate Findings of Fact and Statement of Overriding Considerations as presented by Mr. Dodson. A copy of this Statement is included as a part of Attachment #7 to this report.
- Direct the Clerk to file the Notice of Determination within five days and find that no further Department of Fish and Game filing fees are required by the Commission’s approval since the City, as lead agency, has paid said fees.

CONCLUSION:

The landowner, as the applicant, has presented a proposal that will annex its properties to the City of Rialto and West Valley Water District to allow for completion of the development project identified as the Rancho El Rivino Specific Plan. The City of Rialto has indicated its support for this application, certified to the Plan for Service and Fiscal Impact Analysis, and has approved the development project through adoption of the General Plan Amendment and Specific Plan. Staff supports the approval of this reorganization based upon policy standards developed by the Commission, and those outlined in State law, as follows:

- ❑ The area is proposed to develop at urban levels of land use and is in need of a broad level and range of municipal services. Those services, predominantly water and sewer collection services, are only available through the City of Rialto and West Valley Water District, to which the territory is proposed to be annexed.
- ❑ It is clear that this area will benefit from the extension of the City’s services based upon the anticipated land use.

Based upon these determinations and those contained throughout the staff report, staff recommends approval of LAFCO 3066.

FINDINGS:

The following findings are required to be provided by Commission policy and Government Code Section 56668 for all proposals considered:

1. The Registrar of Voters Office has determined that the study area is legally uninhabited, containing 0 registered voters as of April 4, 2006.
2. The study area is within the sphere of influence of the City of Rialto and has been since the late 1970's.
3. The County Assessor's Office has determined that the assessed valuation of land and improvements for the area is \$10,679,236 (\$10,373,236 land; \$306,000 improvements).
4. The County Assessor's Office determined, as of July 20, 2006, that 100% of the landowners within the area signed the petition seeking annexation.
5. Legal advertisement of the Commission's consideration has been provided through publication in *The Sun*, a newspaper of general circulation and *The Rialto Record* a local newspaper within the study area. Individual notice has been provided to affected and interested agencies, County departments, and those individual and agencies having requested such notification.
6. With 100% landowner consent, a separate individual notice was not required to be provided within the reorganization area. LAFCO staff has provided individual notices to landowners (359) and registered voters (303) surrounding the area in accordance with State law and adopted Commission policies. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determinations. To date, opposition has been received from representatives of the BIC by written correspondence.
7. The City of Rialto has processed land use approval for the area through adoption of the General Plan Amendment and the Rancho El Rivino Specific Plan which has pre-zoned the territory. The land use identifications are outlined within the body of the report. Pursuant to the provisions of Government Code Section 56375(e), these zoning designations shall remain in effect for two years following reorganization unless specific actions are taken by the City Council at a public hearing.
8. As a CEQA responsible agency, the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has reviewed the City's environmental documents for the reorganization proposal and has indicated that they are adequate for the Commission's use, as more fully described in the narrative portion of this report. Copies of the City's environmental documents were provided to Commission members at the March 21, 2007 Commission hearing. Mr. Dodson has prepared his recommended actions for LAFCO 3066, and they are outlined in the narrative portion of the report. Attachment #7 provides the Candidate Findings of Fact and Statement of Overriding Considerations prepared for the Commission's use in addressing this project.
9. Upon reorganization, the City of Rialto will extend its services as required by the progression of development. The Fiscal Impact Analysis portion of the Plan for

Service provides a general outline of the anticipated revenues/costs for the reorganization area and Specific Plan as a whole. The Plan indicates that revenues are anticipated to be sufficient to provide the level of services identified through the City and other agencies. Through the identified financing mechanisms, the Plan shows that the level of service will be adequate for the development anticipated and that the revenues anticipated are sufficient to provide for the infrastructure and ongoing maintenance and operation of these services.

Water service is to be provided by the West Valley Water District. The Plan for Service provided by the West Valley Water District outlines the services to be extended by the District and the mechanism for funding the required infrastructure and maintenance and operation of these services.

These Plans identify that the revenues to be provided through the transfer of property tax revenues and existing and potential financing mechanisms are anticipated to be sufficient to provide for the infrastructure and ongoing maintenance and operation of the services to be provided from the City of Rialto and the West Valley Water District.

10. The areas in question are presently served by the following public agencies:

- County of San Bernardino
- Inland Empire Resource Conservation District
- San Bernardino Valley Municipal Water District
- Central Valley Fire Protection District
- Bloomington Recreation and Park District
- West Valley Water District (portion of the area)
- County Service Area SL-1 (streetlights)
- County Service Area 70 (County-wide multi-function agency)
- County Service Area 70 Improvement Zone P-11 (Tract No. 15544 for streetlighting, drainage, detention basins, landscape maintenance and equestrian trail services)

The proposal will annex that portion of the reorganization area not currently a part of the West Valley Water District as a function of the reorganization. The Central Valley Fire Protection District and the Bloomington Recreation and Park District are to be detached as a function of the reorganization. The dissolution of CSA 70 Improvement Zone P-11 has been included as a function of this reorganization. CSA SL-1 and CSA 70 will be detached through successful completion of this reorganization. None of the other agencies will be directly affected by the completion of this proposal through an adjustment in their boundaries as they are regional in nature.

11. The reorganization proposal complies with Commission policies and directives and State law that indicate the preference for areas proposed for urban intensity development to be included within a multi-function agency for the provision of those services in the most efficient and effective service delivery system.

12. The reorganization area can benefit from the availability of municipal-level services from the City of Rialto and the West Valley Water District.
13. This proposal will have an effect on the City of Rialto's ability to achieve its fair share of the regional housing needs as it proposes the addition of 726 residential units.
14. The County of San Bernardino and the City of Rialto have successfully negotiated a transfer of property tax revenues that will take effect upon completion of this reorganization. This negotiated agreement fulfills the requirements of Section 99 of the Revenue and Taxation Code.
15. The maps and legal descriptions, as revised, are in substantial compliance with LAFCO and State standards through certification by the County Surveyor's Office.

KRM

Attachments:

- 1 -- Maps – Vicinity and Location
 - a. **Primary Reorganization Area** – Annexation to City of Rialto and Detachment from Bloomington Recreation and Park District and Central Valley Fire Protection District
 - b. **Annexation to the West Valley Water District**
 - c. **Dissolution of County Service Area 70 Improvement Zone P-11**
- 2 -- **Proposal Plan for Service, Fiscal Impact Analysis and Development Agreement**
- 3 -- **West Valley Water District Plan for Service**
- 4 -- **Background Material on County Service Area 70 Improvement Zone P-11**
- 5 -- **Letter from County Special Districts Department** Requesting Continued Overlay of the Bloomington Recreation and Park District (Dated January 5, 2007) and Letter from City of Rialto Declining to Change Policy (Dated February 21, 2007)
- 6 -- **Letter from Pam Geil** on Behalf of Bloomington Residents
- 7 -- **Letter from Tom Dodson and Associates** and **Candidate Findings of Fact and Statement of Overriding Considerations**
- 8 -- **Draft Resolution No. 2961** for LAFCO 3066