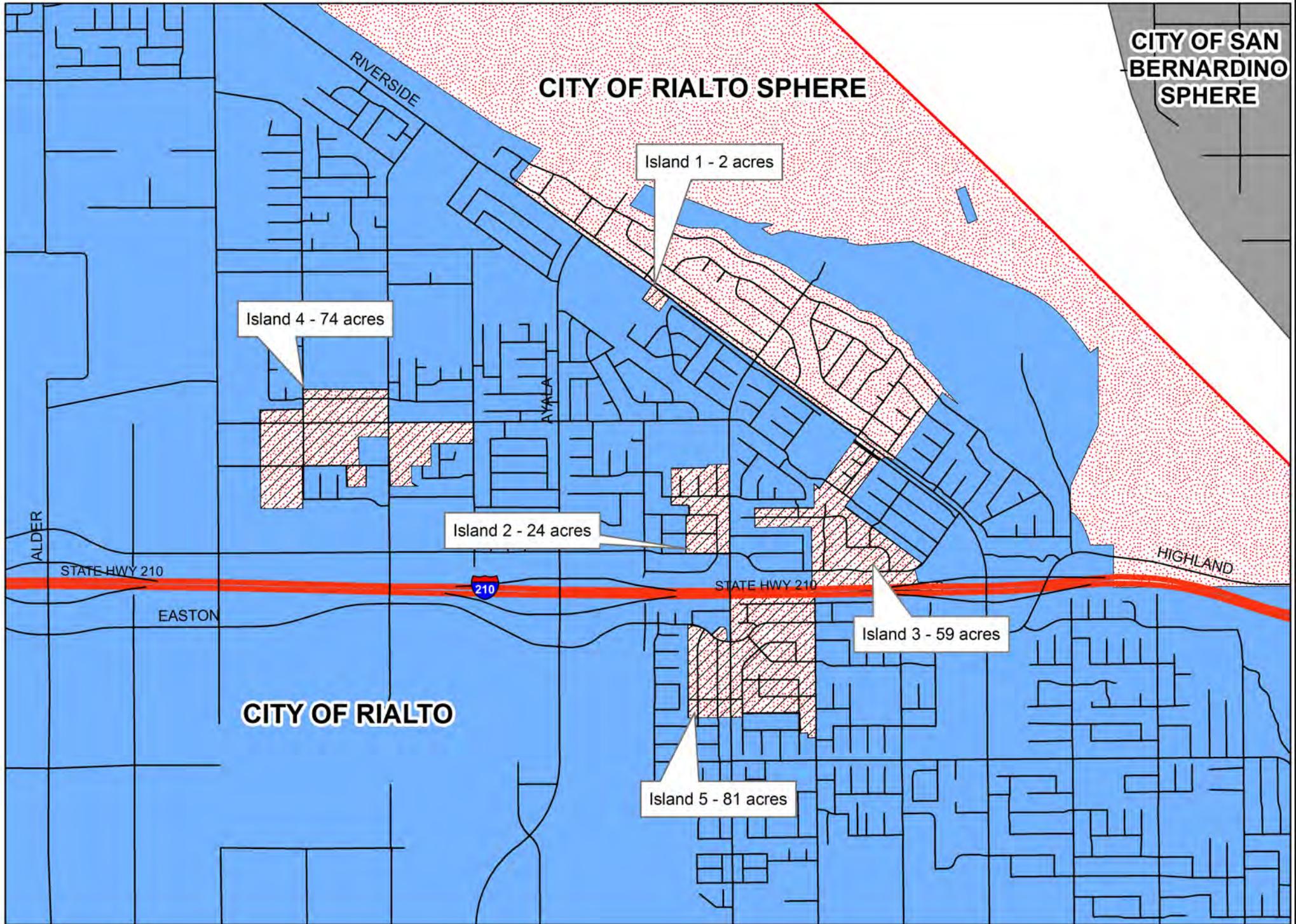


**North Rialto Islands Vicinity Map and Copy
of LAFCO Resolution 2961 for LAFCO 3066
and excerpt from the Minutes of April 18,
2007 Commission Hearing**

Attachment 4

North Rialto Islands



**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

PROPOSAL NO.: LAFCO 3066

HEARING DATE: APRIL 18, 2007

RESOLUTION NO. 2961

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3066; WAIVING PROTEST PROCEEDINGS; AND APPROVING THE REORGANIZATION TO INCLUDE ANNEXATIONS TO CITY OF RIALTO AND WEST VALLEY WATER DISTRICT, DETACHMENTS FROM 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), AS MODIFIED. The reorganization area, as modified, consists of three separate areas 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 163.7+/- 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 reorganization 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 reorganization includes areas east and west of Cactus Avenue. (2) The area to be annexed to the West Valley Water District encompasses approximately 126.8+/- 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 annexation 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. (3) The area of the 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.

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

WHEREAS, an application for the proposed reorganization in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (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 the Executive Officer has examined the application and executed her certificate in accordance with law, determining and certifying that the filings are sufficient; and,

RESOLUTION NO. 2961

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by this 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, the public hearing by this Commission was held upon the date and at the time and place specified in the notice of public hearing and in order or orders continuing the hearing; and,

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

WHEREAS, the Commission determines to modify this proposal to include the dissolution of County Service Area 70 Improvement Zone P-11 as a function of the reorganization;

NOW, THEREFORE, BE IT RESOLVED, that the Commission does hereby determine, resolve, order, and find as follows:

DETERMINATIONS:

SECTION 1. The proposal is approved subject to the terms and conditions hereinafter specified:

CONDITIONS:

Condition No. 1. The boundaries are approved as set forth in Exhibits "A", "A-1", "B", "B-1" and "C" attached.

Condition No. 2. The following distinctive short-form designation shall be used throughout this proceeding: LAFCO 3066.

Condition No. 3. All previously authorized charges, fees, assessments, and/or taxes currently in effect by the City of Rialto and the West Valley Water District (annexing agencies) shall be assumed by the annexing territory in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t).

Condition No. 4. The City of Rialto and the West Valley Water District shall indemnify, defend, and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission.

Condition No. 5. Pursuant to Government Code Section 56886.1, public utilities, as defined in Section 216 of the Public Utilities Code, have ninety (90) days following the recording of the Certificate of Completion to make the necessary changes to impacted utility customer accounts.

RESOLUTION NO. 2961

Condition No. 6. 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 issuance of the Certificate of Completion.

Condition No. 7. County Service Area 70 Improvement Zone P-11 shall be dissolved as a function of this reorganization.

Condition No. 8. Pursuant to the provisions of Government Code Section 56885.5(a)(4), the County of San Bernardino, as governing body for County Service Area 70 Improvement Zone P-11, is prohibited from taking the following actions unless an emergency situation exists as defined in Section 54956.5:

- (a) approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency; and,
- (b) 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.

Condition No. 9. The date of issuance of the Certificate of Completion shall be the effective date of this reorganization.

SECTION 2. The Commission determines that:

- (1) this proposal is certified to be legally uninhabited;
- (2) it has unanimous written landowner consent; and
- (3) no written opposition to a waiver of protest proceedings has been submitted by any subject agency.

Therefore, the Commission does hereby waive the protest proceedings for this action as permitted by Government Code Section 56663(c).

SECTION 3. The Commission further determines that 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.

SECTION 4. FINDINGS. The following findings are noted in conformance with Commission policy:

1. The Commission finds that the City of Rialto shall initiate the annexation of the three (3) totally-surrounded northern islands and the one (1) substantially-surrounded northern island located southwest of Riverside Avenue, as identified on maps on file in the LAFCO office, within one year

RESOLUTION NO. 2961

of the approval of LAFCO 3066. It is the intent of the Commission that these islands be addressed prior to the sunset date of AB 1602. LAFCO staff is directed to work with the City of Rialto staff to effectuate a phasing program to address the Commission's stated island concerns.

2. The subject 163.7+/- acre reorganization area is legally uninhabited, containing no registered voters, as certified by the County Registrar of Voters office.
3. The area is within the sphere of influence of the City of Rialto and has been since the late 1970's.
4. The County Assessor's Office has determined that the value of land and improvements within the reorganization area is \$10,679,236 (\$10,373,236--land; \$306,000--improvements) and that 100% of the landowners have consented to the reorganization.
5. Notice of this hearing has been advertised as required by law through publication in The Sun and the Rialto Record, newspapers of general circulation in the area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.
6. All notices required by State law and local Commission policies have been provided. With 100% landowner consent, a separate individual notice was not required to be provided within the reorganization area. Individual notice was mailed to landowners (359) and registered voters (303) surrounding the reorganization area in accordance with State law and adopted Commission policies. Comments from landowners, registered voters and any affected local agency have been reviewed and considered by the Commission in making its determination. Opposition has been received and considered by the Commission in making its determination.
7. The City of Rialto has processed land use approvals for the area through adoption of the General Plan Amendment and the Rancho El Rivino Specific Plan which has pre-zoned the territory. The General Plan Amendment designated the entire area of the project as "SPZ" Specific Plan Zone, with a development plan land use allocation identified as: SF-E (Single-Family Estate), SF-1 (Single-Family 1), SF-2 (Single-Family 2); and SF-3 (Single-Family 3). Other uses, such as paseos, neighborhood park, equestrian trails, etc., are identified for 10.3 acres within the Plan.

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. A Final Environmental Impact Report (hereinafter referred to as "Final EIR") was prepared and certified as adequate by the City of Rialto for the Rancho El Rivino Specific Plan and Annexation (State Clearinghouse No. 2005101117), which addresses environmental impacts from developing the 164+/- acre reorganization area in accordance with General Plan and Specific Plan designations. (Copies of the applicable environmental review documents were previously provided to the Commission.) The Commission's staff and Environmental Consultant have independently reviewed the City's Final EIR and found it to be adequate for the reorganization decision.

The Commission certifies that it has reviewed and considered the City's Final EIR and the effects outlined therein, and as referenced in the Candidate Findings of Fact and Statement of Overriding Considerations, prior to reaching a decision on the project and finds the information substantiating the Final EIR adequate for its use in making a decision as a CEQA responsible

RESOLUTION NO. 2961

agency. The Commission hereby acknowledges the mitigation measures and mitigation monitoring and reporting program contained in the City's Final EIR and finds that no additional feasible alternatives or mitigation measures will be adopted by the Commission. The Commission finds that all changes, alterations, and mitigation measures are within the responsibility and jurisdiction of the City and other agencies, and not the Commission. The Commission finds that it is the responsibility of the City to oversee and implement these measures and the mitigation monitoring and reporting program.

The Commission hereby adopts the Candidate Findings of Fact and Statement of Overriding Considerations regarding the environmental effects of the reorganization, a copy of which is available for review in the LAFCO office. The Commission finds that all feasible changes or alterations have been incorporated into the project; that these changes are the responsibility of the City and other agencies identified in the Candidate Findings of Fact and Statement of Overriding Considerations and the Final EIR; and that specific economic, social or other considerations make infeasible adoption of the alternatives identified in the Final EIR.

The Commission finds that the dissolution of County Service Area 70 Improvement Zone P-11, which has been included as a part of this 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.

The Commission, as a responsible agency, notes that this proposal is exempt from Department of Fish and Game fees because the filing fee was the responsibility of the City, as the CEQA lead agency. The Commission directs its Clerk to file a Notice of Determination within five (5) days with the San Bernardino County Clerk of the Board of Supervisors.

9. The local agencies currently serving the areas are: 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) and County Service Area 70 Improvement Zone P-11 (Tract No. 15544 for streetlighting, drainage, detention basins, landscape maintenance and equestrian trail services).

That portion of the reorganization area not currently a part of the West Valley Water District will be annexed as a function of the reorganization. The Central Valley Fire Protection District and the Bloomington Recreation and Park District are detached as a function of this reorganization. County Service Area 70 Improvement Zone P-11 is dissolved as a function of this reorganization. County Service Area 70 and County Service Area SL-1 will be detached from the area upon successful completion of the reorganization pursuant to the provisions of Government Code Section 25210.90. 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.

10. Upon reorganization, the City of Rialto will extend its services as required by the progression of development. The City has submitted a plan for the provision of services as required by Government Code Section 56653. 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

RESOLUTION NO. 2961

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 on-going 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 on-going maintenance and operation of the services to be provided from the City of Rialto and the West Valley Water District.

The Plans for Service have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that such Plans conform to those adopted standards and requirements.

11. This 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 is the most efficient and effective service delivery system.
12. The reorganization area can benefit from the availability and extension of municipal services from the City of Rialto and the West Valley Water District, as evidenced by the Plans for Service.
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 City and County have negotiated the transfer of ad valorem taxes as required by State law. Copies of the resolutions adopted by the City Council of the City of Rialto and the San Bernardino County Board of Supervisors are on file in the LAFCO office outlining the exchange of revenues.
15. The maps and legal descriptions, as revised, are in substantial conformance with LAFCO and State standards as determined by the County Surveyor's Office.

SECTION 5. The reason for this reorganization is for the receipt of municipal-level services.

SECTION 6. The affected territory shall be taxed for existing bonded indebtedness or contractual obligations of the City of Rialto. The affected territory shall be taxed for existing bonded indebtedness of the West Valley Water District for the construction of capital improvements that benefit the District's entire service area. The District has no other contractual obligations for which the territory shall be taxed. The regular County assessment roll will be utilized by the City of Rialto and the West Valley Water District.

SECTION 7. Approval by the Local Agency Formation Commission indicates that completion of this proposal would accomplish the proposed change of organization in a reasonable manner with a maximum chance of success and a minimum disruption of service to the functions of other local agencies in the area.

RESOLUTION NO. 2961

SECTION 8. The Commission hereby orders the territory described in Exhibits "A", "A-1", "B", "B-1", and "C" reorganized. The Commission hereby directs that, following completion of the reconsideration period specified by Government Code Section 56895(b), the Executive Officer shall prepare and file a Certificate of Completion, as required by Government Code Sections 57176 through 57203, and a Statement of Boundary Change, as required by Government Code Section 57204.

SECTION 9. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner provided by Section 56882 of the Government Code.

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

AYES: COMMISSIONERS: Colven, Cox, Hansberger, McCallon, Mitzelfelt, Pearson

NOES: COMMISSIONERS: None

ABSTAIN: COMMISSIONERS: Biane (Mitzelfelt voting in his stead), Nuaimi and Williams

ABSENT: COMMISSIONERS: None

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

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission of the County of San Bernardino, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission by vote of the members present as the same appears in the Official Minutes of said Commission at its regular meeting of April 18, 2007.

DATED: April 19, 2007


KATHLEEN ROLLINGS-McDONALD
Executive Officer



**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 18, 2007**

DISCUSSION ITEMS

It is noted that Commissioners Biane, Nuaimi and Williams, who all stated previously that they would abstain from voting on Item 6, leave the hearing at 9:10 a.m.

Vice Chairman Colven assumes the Chair.

CONSIDERATION OF: (1) FINAL ENVIRONMENTAL IMPACT REPORT ADOPTED BY CITY OF RIALTO FOR RANCHO EL RIVINO SPECIFIC PLAN AND ANNEXATION (SCH NO. 2005101117), AS CEQA RESPONSIBLE AGENCY FOR LAFCO 3066; (2) ADOPTION OF FINDINGS OF FACT AND STATEMENT OF OVERRIDING CONSIDERATIONS; AND (3) LAFCO 3066—REORGANIZATION TO INCLUDE ANNEXATIONS TO CITY OF RIALTO AND WEST VALLEY WATER DISTRICT, DETACHMENTS FROM 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) – APPROVE STAFF RECOMMENDATION AS MODIFIED

LAFCO conducts a public hearing to consider a reorganization to include annexations to the City of Rialto and West Valley Water District, detachments from Bloomington Recreation and Park District and Central Valley Fire Protection District and dissolution of County Service Area (CSA) 70 Improvement Zone P-11 (Cactus Investment LLC). Notice of this hearing was advertised as required by law through publication in The Sun and the Rialto Record, newspapers of general circulation in the area. Individual mailed notice was provided to affected and interested agencies, County departments, those individuals and agencies requesting mailed notice and landowners and registered voters within and surrounding the reorganization area pursuant to State law and Commission policy.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO Office and is made a part of the record by reference herein. Ms. McDonald states this proposal was initiated by landowner petition to allow for residential development of the territory. She shows maps of the reorganization area on the overhead display. She says the primary reorganization area, encompassing approximately 164+/- acres generally located north of El Rivino Road, east of Larch Avenue, south of Jurupa Avenue and west of the City of Rialto, is to be annexed to the City of Rialto (hereinafter "the City") and detached from the Bloomington Recreation and Park District (hereinafter referred to as "Bloomington RPD") and Central Valley Fire Protection District. She says the area to be annexed to the West Valley Water District encompasses approximately 127+/- acres generally located north of El Rivino Road, east of the existing West Valley Water District boundary, south of Jurupa Avenue and west of Cactus Avenue. She notes that a portion of the development project is currently part of the West Valley Water District. She says the area of the proposed dissolution of CSA 70 Improvement Zone P-11 encompasses approximately 37 acres 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. She explains that this Improvement Zone was created to address service delivery to Tract No. 15544 approved by the County; she says that Tract was never finalized; but CSA 70 Improvement Zone P-11 has been legally formed since 1996. She shows an aerial view of the area, noting that the El Rivino Country Club will be developed for residential use.

Ms. McDonald discusses boundary issues. As outlined in the staff report, she says there are three primary issues of concern to be considered. First, she says this annexation will create a corridor of unincorporated territory to the southeast of the proposed reorganization. She discusses the three options available to the Commission in addressing the creation of this corridor which are: a) expansion of LAFCO 3066 to include the whole of the area; b) requiring the City to initiate the annexation of the corridor area as a condition of approval for LAFCO 3066; or c) approval of LAFCO 3066 creating the corridor, making the determinations required by Government Code Section 56375(m). She says that the reorganization area is legally uninhabited and that expanding this proposal to include this larger area would, in the staff view, terminate the proceeding since voters in that area have expressed opposition to annexation to the City

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 18, 2007**

and prefer to be included in the Bloomington incorporation. She says option b to require the City to submit a reorganization proposal addressing the balance of the area, while its success or failure has not been tested in the past, again these voters in the area have expressed support for the incorporation of Bloomington. She says that is why option c is recommended by staff.

Ms. McDonald discusses the second boundary issue, stating that early in the process staff reviewed with City staff the Commission's directives that when development-related annexations are presented, the City will be required to address its "islands". She shows a map displaying the City's three totally-surrounded islands and one substantially-surrounded island in the North Rialto area and says those islands were reviewed with the City and the City evaluated the financial implications of providing service to those islands. She reports that staff understands that the City has taken the position that it was not financially feasible to annex those islands because of the City's inability to extend its utility tax to these areas. She says that when the staff report was published, staff had not seen the financial analysis, but she says that fiscal analysis prepared in 2005 was received on Monday. However, she points out that AB 1602 has been signed in the interim; and she says the City would receive the \$50 per capita associated with the AB 1602 calculation, as long as the annexations are completed prior to January 1, 2009. Ms. McDonald says that the chart on page nine of the staff report outlines the property tax transfers to be applied to the islands if they are initiated.

Ms. McDonald reports that the Commission has been presented with a letter today from the City expressing its position that, while it understands the importance of these islands, it wants to establish a phasing approach to address this issue. She says the Commission has agreed to a phasing approach for the City of San Bernardino, which agreed that six of its 13 islands would be initiated now, with the balance to be initiated later. She says that option is available for this proposal but she says staff believes that the four North Rialto islands should be addressed by the City now. She points out that the staff report also identifies four Bloomington islands that are not being addressed at this time, as shown on the display maps; and she explains that those islands are related to the Bloomington community and staff feels they should be addressed later. Ms. McDonald states that staff recommends that the Commission require the City to initiate annexation of its four northern islands prior to issuance of the Certificate of Completion for this proposal. She notes that this annexation has 100% landowner consent so there will be no protest proceeding.

Ms. McDonald discusses the third boundary issue, stating that there is no direct connection from the annexation area to the City. She explains that the connection to the City is along a parcel boundary adjacent to an industrial development which is a part of the Agua Mansa Industrial Corridor Specific Plan. She says there is no roadway connection from this industrial area through to the proposed annexation territory and she says that the development proposes two gated communities, with internal private roads, and no through connection to the City. She adds that the Development Agreement identifies transportation improvements required to make the delivery of service more efficient. She states that staff does not believe this is an overriding issue.

Ms. McDonald discusses the existing land uses within the primary annexation area, which includes the non-operational El Rivino Country Club and vacant lands, and the land uses surrounding the site, as outlined in the staff report. She reports that on February 20, 2007, the City Council adopted the General Plan Amendment and Final Environmental Impact Report for the El Rivino Specific Plan area and that the pre-zoning will be required to remain in effect for a period of at least two years, unless certain findings are made by the City Council.

Ms. McDonald discusses the financial effects and service considerations. She states the City has certified as to the accuracy of the Plan for Service and Fiscal Impact Analysis and she says the mechanisms for the delivery of services are outlined in the staff report. She says the West Valley Water District provided a Plan for Service for the extension of its facilities into the area. She discusses two areas of concern related to the detachment from the Bloomington RPD. She reports that the County Special Districts Department, administrator for the Bloomington RPD, objected to the detachment of the District on the basis that it will further erode the tax base necessary to support the District and requested that the retention of the overlay of the Bloomington RPD be considered. She says that when the County's request was conveyed to the

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 18, 2007**

City, the City indicated it wants to adhere to the Commission's policy to detach the District. She also notes that the draft resolution contains a condition of approval indicating that the responsibility for the streetlights in the area will be transferred to the City upon completion of the reorganization.

Ms. McDonald discusses the environmental considerations, reporting that LAFCO's Environmental Consultant, Tom Dodson and Associates, has reviewed the City's environmental documents and found them adequate for the Commission's use as a CEQA responsible agency. She says Mr. Dodson drafted a Statement of Overriding Considerations for the Commission's review and adoption, a copy of which is attached to the staff report.

Ms. McDonald says staff believes the Commission should approve this reorganization for those reasons outlined in the staff report. She says the area is proposed to develop at urban levels of land use; therefore, it requires municipal-level services. She says the findings required by Commission policy and State law are outlined in the staff report and are made a part of the record by reference herein. She says the staff recommendation is outlined on pages one, two and three of the staff report and includes that the Commission: 1) take the actions listed with respect to the environmental review; 2) modify LAFCO 3066 to include the dissolution of CSA 70 Improvement Zone P-11 as a function of the reorganization; 3) approve LAFCO 3066, as modified, making the determination outlined in the staff report, and subject to the conditions outlined in the staff report, including the condition that the issuance of the Certificate of Completion for LAFCO 3066 shall be held in abeyance, for a period not to exceed six months, until the City has initiated annexation of the four North Rialto islands identified by staff; and 4) adopt LAFCO Resolution No. 2961 setting forth the Commission's terms, conditions, findings and determinations.

Commissioner Hansberger asks what the acreage is of the remaining area to the east and south of the annexation area. Ms. McDonald responds that it is about 210 acres. Commissioner Hansberger comments that he thinks the staff recommendation is strange in that the City is being asked to initiate annexation of areas five to six miles north of this project but the City is not being asked to initiate annexation of areas immediately adjacent to this project. He says that the North Rialto islands are a policy issue the Commission would like to deal with in terms of getting them annexed, but he says there should not be any connection to this annexation and those islands since the areas are so far apart. Ms. McDonald comments that this is the same precedent used with the City of San Bernardino for the Arrowhead Springs annexation. Commissioner Hansberger responds that those islands are all in north San Bernardino in the same general vicinity of Arrowhead Springs. He says this project is a mile or two south of Interstate 10 and that the North Rialto islands are two to four miles north of Interstate 10, in an entirely different region of the community. Ms. McDonald says the four Bloomington islands shown on page 10 of the staff report could be addressed. Commissioner Hansberger responds that he did not understand why staff recommended dealing with islands that are so far away and did not recommend dealing with those closer islands. Ms. McDonald states that the reason for doing so is because those northern islands have been historically reviewed with the City of Rialto as a part of this proposal since 2005, so staff continued that position forward. Commissioner Hansberger says maybe staff should not have been reviewing those islands with a project so far away.

Commissioner Mitzelfelt asks whether staff is recommending that this annexation be held up pending the inclusion of the four northern islands. Ms. McDonald says that the recommendation is that the issuance of the Certificate of Completion be held until the four islands have been initiated, not completed. She explains that means that annexation of the islands has been initiated by City resolution and the property tax transfer process has been completed; and she says once that was accomplished, the Certificate of Completion for this annexation would be issued. She indicates that there would be hearings before the Commission to review the northern islands. Commissioner Mitzelfelt says he agrees with Commissioner Hansberger because he does not see any connection or nexus between this annexation and those islands. He says he thinks it would be preferable if the Commission and its staff worked with the City to deal with those islands and get that process initiated, but not hold up this annexation. Ms. McDonald asks if he is recommending that staff recommendation 3c, which discusses a condition to be imposed, be modified to require that annexation of the North Rialto islands be initiated and that staff then be directed to discuss a phasing strategy. Commissioner Mitzelfelt responds "No", stating that the initiation could take

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 18, 2007**

place whenever appropriate. He adds that he thinks the phased strategy is reasonable but says that he does not think it is fair to delay this annexation because of the four northern islands.

Commissioner McCallon points out that the City of Rialto in its letter says it realizes the importance of these four islands and wants to discuss the island annexation issue in more detail to determine a timeline for outreach and to review a phasing annexation strategy. He says he thinks it is important that the City make the commitment and work with LAFCO staff to come up with a timeline for when these annexations will be processed, but says he agrees with both the Supervisors that it is probably not appropriate in this case to tie this annexation to the initiation of those islands.

Commissioner Hansberger says he knows of a number of projects up in that northern region that will be coming forward and which the City will be interested in annexing. He discusses that there should be something other than that the areas are in the same town—that there should be some physical relevance to the service connections. He says there are projects in the north end of the City which do have service relevance and it would make more sense to tie the northern islands to those projects when, and if, they come forward. Ms. McDonald says staff does not know whether those projects will ever come forward so she says that if the Commission wants a commitment from the City as to a timeline for moving forward with the northern islands, the only correspondence that has been received is what was presented to the Commission this morning.

Commissioner Cox asks if there is any motivation for the City to move forward with annexing those islands, other than the inclusion of the condition of approval. Ms. McDonald reports that the City Council's position is not to initiate any annexation that does not have substantial landowner and voter support; and that these islands have existed in this area in some configuration for over 28 years because the people in the areas historically have not wanted to be a part of the City. She notes that one motivation for people to agree to annexation is that, if they are annexed as part of an island annexation, the City's utility tax cannot be extended to them. However, she says if they were annexed under a regular City annexation, that City utility tax would be extended.

Commissioner Pearson says that the Commission has to keep in mind that one of its goals is to do something about the islands that are scattered throughout cities by bringing them into the city to enhance service and reduce costs to the public. He says the concern over the City's inability to extend the utility tax is valid; but he notes that Ms. McDonald's presentation pointed out that the State recognized this and he says that it appears from the numbers provided in the staff report that the \$50 per capita associated with the AB 1602 calculation will make up for the utility tax. He says the willingness of the people in those islands to be annexed has been a problem for 28 years and probably will not change. He says that although they do not have a nexus of location, the islands are within the City limits overall; that they have an opportunity to bring the islands into the City for the benefit of the citizens and eliminate any further concern with those islands. He says he sees as incidental the fact that the initiation of those northern islands is tied to an annexation in the southern part of the City and says he thinks they should move forward with staff recommendation.

Ms. McDonald says that if the Commission feels that initiation of annexation of those islands is inappropriate as a condition of approval, she understands that representatives of the City are present and, if they wish to make a commitment to initiate the four islands within a given period of time, that could be included as a finding in the resolution.

Vice Chairman Colven asks if there is anyone present from the City to respond.

Ed Scott, a City Council Member, says the City Council recognizes the importance of the annexation of those four northern islands but he says they also recognize the fact that it is in the best interest of the City to eventually annex them for a number of reasons, including public safety and service. However, Mr. Scott says the City Council is of the same opinion as the two Supervisors that their annexation should not be tied to the El Rivino project. He says they believe the islands should be tied to a future project that will occur in North Rialto or that discussions should be opened up with the City and LAFCO staffs regarding a phased annexation of those areas. Vice Chairman Colven asks if the City has an additional

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 18, 2007**

proposal in North Rialto and wishes to include the annexation of the four islands at that time. Mr. Scott says he believes that would be the appropriate time to do that. Vice Chairman Colven asks what the timeline on that proposal would be. Mr. Scott responds that the project is in process in the City's Planning and Building Departments so the project is ongoing.

Commissioner Curatalo asks Ms. McDonald's opinion of this second project. Ms. McDonald responds that she knows the project exists; that she does not know its actual status in the development process; but that it is an extremely large project that will take several years. She points out that the Commission must understand that with an island annexation, the AB 1602 \$50 per capita funding will expire July 1, 2009, so she says if these islands are not annexed by that time, that money will disappear. Commissioner Curatalo says that his understanding is that even if staff recommendation is approved as worded, the completion of this annexation is dependent only on the initiation of the annexation of those four islands, not their completion, so he asks if there really would be any material change if the islands were deferred to that time. Ms. McDonald responds that the issue is on the phasing of the annexations or the actual completion and introduction of these islands into the City. She explains that once these annexations are initiated, a hearing must be held within 90 days of the issuance of the Certificate of Filing, so staff could be directed to bring the islands back at a hearing to discuss a solid phasing program.

Vice Chairman Colven opens the public hearing and calls on those wishing to speak.

Virginia Geil, representing the Bloomington Preservation Foundation, discusses that she wants to see that a senior village for Bloomington is built. She says Reggie King (developer of the El Rivino project), who has been a good friend of hers and has done a lot for Bloomington, told her a short time ago that there is a piece of land along El Rivino which could be used for a senior village. She asks that the Commission not approve annexation of this area; she says she desperately needs it for the senior village.

Alexia King, a member of the Bloomington Incorporation Commission (BIC), asks that the Commission deny annexation and says that BIC, which is still alive and well, wants this area for the Bloomington Incorporation. She says every time an area is annexed away from Bloomington, the ability of Bloomington to support itself as a city is undermined. She says the nibbling away of Bloomington's edges means that there will be a whole population in their community that will be denied city services that she heard the Commission discussing as being very important in the North Rialto islands. She says denial of staff recommendation will allow Bloomington to move forward with incorporation to provide the people a level of service they will not get from another city for years to come. Ms. King discusses a second concern, stating she and her husband own a nursery in Bloomington and are served by the West Valley Water District. She says that three or four years ago they had to establish a second meter to provide enough water for the nursery and they now they frequently have hardly enough water volume to keep one hose running. She says she talked to the Water District and its answer was that there is just too much demand. She says that calls into question any level of development that may deny her water that is needed for her livelihood.

Gilbert Loop, a resident in the area south of the annexation area, says this annexation will cut him off from Bloomington and create an island so that he eventually will be annexed to Rialto, of which he is not in favor. He says he is not against the Cactus Investment LLC development but is against this annexation, which will cut off more tax base for the Bloomington Incorporation, which is still going forward.

Eric Davenport, Chairman of BIC, states that the Commission was presented this morning with a letter outlining the reasons why BIC is requesting that a decision on this annexation be deferred or at least postponed until the next meeting. He reports that BIC has been meeting with members of the City of Rialto as well as Cactus Investment LLC in a new spirit of cooperation in the incorporation effort, which is moving forward. He says they need this area to remain part of Bloomington; that they are not opposed to Cactus Investment's development and it will help increase Bloomington's net worth. He says this annexation would create an island that is part of the incorporation effort and will severely hamper their efforts. He requests that the Commission postpone its decision at least until next month so that BIC can continue talking with the interested parties to see how they can all come together to make incorporation work.

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 18, 2007**

Vice Chairman Colven asks if there is anyone else wishing to speak on this item. There is no one and he closes the hearing.

Commissioner Mitzelfelt moves to approve staff recommendation, with Recommendation 3c modified to direct staff to work with the City of Rialto to develop an annexation strategy to bring forward the four islands in its northern sphere in a coordinated and phased manner, once the islands have been initiated. Commissioner Cox seconds the motion. Vice Chairman Colven asks if he wishes to establish any timelines in his motion. Commissioner Mitzelfelt states that he is sensitive to the issue of the AB 1602 deadline but says he thinks that the intent here is to move forward as soon as is practical.

For clarification, Ms. McDonald asks if the motion is removing the condition to withhold the Certificate of Completion. Commissioner Mitzelfelt responds "yes". Ms. McDonald says her understanding of the motion is that staff recommendation 3c will be modified, striking the second sentence about holding the issuance of the Certificate of Completion for this proposal in abeyance. She asks if the intent is to then say that the City of Rialto is required to initiate the annexation of the four islands within the next six months or the next year. She points out that this would become a finding in the resolution instead of a condition since the Certificate of Completion will not be held in abeyance. Commissioner Mitzelfelt responds that a finding is fine, but says the date he was sensitive to is 2009. Ms. McDonald explains that to be sure that the process is completed within that time period, the City will need to initiate within one year. She asks if the City will be required to make a commitment to fulfill that finding by letter. Commissioner Mitzelfelt says that a finding within a one year period and a letter from the City seems reasonable but he says he is interested in hearing how the City feels about that. He adds that his motion also included direction to staff to work with the City in developing a phasing strategy for the annexations.

Commissioner Pearson asks if they are saying that the annexation of those four islands must be completed within one year. He points out that they have been given an extension until 2014 to process island annexations; but he says if they jeopardize that timeline, the annexation of those islands, which have been around for 28 years, might not get completed at all. He says there must be some positive steps taken with whatever is decided today to ensure that the completion of the annexations of those islands takes place within a reasonable time period. Ms. McDonald explains that the requirement for the City to initiate annexation of those islands within one year is the direction of the Commission. She says if the City fails to fulfill that finding, staff will let the Commission know. But she points out that the only way to guarantee the requirement for initiation is through the conditional approval recommended by staff. Commissioner Pearson comments that is what he was afraid of and he discusses that they went through a similar procedure with the City of San Bernardino several months back. He says that after discussions back and forth, the City agreed to move forward with its islands in a phased approval, but he says the Commission does have some assurance that will happen because the City wants an action taken on its Arrowhead Springs project.

Commissioner Hansberger comments that there is relevance between those San Bernardino islands and the action the City is asking for on its other project, noting that there would not have been relevance if the islands were located south of Mill Street. He says it is like saying they are on the same planet, so it is the same issue; but he says it is not.

Commissioner Mitzelfelt says there is sentiment to not condition this annexation on the initiation of those four islands so he says this is a compromise. He says that with the working relationship they have with the City, he feels that this issue will be taken care of and that the Commission has the ability to address this in the future if the finding has not been complied with in one year.

Legal Counsel Clark Alsop says that as he understands the motion, staff recommendation 3c will now only include the first sentence and everything else in that paragraph will be stricken. He says a finding will also be added to the resolution indicating that the Commission hopes that the City will initiate the island annexations within one year. Commissioner Mitzelfelt says that the word "hopes" should not be used, but something stronger such as the Commission "expects". He says the motion also includes that staff will work on a phasing strategy with the City.

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 18, 2007**

Commissioner McCallon asks if the City would like to comment on the timeline the Commission is discussing.

Mr. Scott says he does not have the authority to make a commitment for the entire City Council but he says they clearly have an intention to annex those islands. He says he would like to do some research into the funding that would be available to assist the City in doing that before he makes any commitment. He says he thinks it would be appropriate that City staff move ahead within twelve months to start the annexation process of the pockets up in the north end of Rialto.

Commissioner Hansberger says the County did not create any islands; that they were created by the cities when the cities annexed everything except for the areas they did not want. He discusses that his view is that if cities are willing to come to LAFCO and ask for LAFCO's assistance to accomplish things, then the cities have to accept responsibility for everything within their boundaries. Mr. Scott responds that he tends to agree with Commissioner Hansberger and he thinks the City Council does too. He says that the four islands in the north end of the City, because of the lack of public safety on the part of the County, have become havens for crime up there and he says the City would love to see its Police Department serving those islands. He says that the majority of residents up there want to be annexed to the City for better services and he says his issue is not so much what it is going to cost the City but to do it in a manner that works. He points out that the County, because of its funding sources, does not put a lot of money into the infrastructure in those pockets so he says the City has to look at ways to fund bringing the infrastructure up to City standards. Mr. Scott assures the Commission that from the Council's standpoint, those pockets should be in the City and they believe the residents up there actually do want to be in the City. He says he is clearly in favor of moving ahead with annexation.

Commissioner Hansberger comments that it has been the unfortunate practice for cities to take the things that pay the money and leave the things that cost money to the County, and then they complain about the County not doing its job. He says his view is that if the cities are going to take the money, they should also take the problems and the entire community so that some people are not left hanging out there with no resources.

Commissioner Cox, for clarification, modifies her second to Commissioner Mitzelfelt's motion on staff recommendation 3c so that it only includes the first sentence and everything else is stricken. Commissioner Mitzelfelt says he wants the motion to include the finding outlined by Ms. McDonald. Ms. McDonald says the balance of recommendation 3c regarding the commitment and requirement of the City to initiate the four northern islands within one year has been moved to a finding of the resolution and she says that all references to withholding the Certificate of Completion for this proposal will be removed.

Vice Chairman Colven asks if that is satisfactory to Commissioner Mitzelfelt and he says it is. Vice Chairman Colven asks if there is any further comment. There being none, he calls for a voice vote on the motion and it is as follows: Ayes: Colven, Cox, Hansberger, McCallon, Mitzelfelt, Pearson. Noes: None. Abstain: Biane (Mitzelfelt voting in his stead), Nuaimi, Williams. Absent: None.