

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

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**DATE: JUNE 6, 2016**



**FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer  
SAMUEL MARTINEZ, Assistant Executive Officer**

**TO: LOCAL AGENCY FORMATION COMMISSION**

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**SUBJECT: Agenda Item #7: LAFCO SC#406 - City of Colton Extra-Territorial  
Water and Sewer Service Agreement (APNs 0274-182-34, -43, and -46)**

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**INITIATED BY:**

City of Colton, on behalf of property owner/developer

**RECOMMENDATION:**

Staff is recommending that the Commission approved LAFCO SC#406, by taking the following actions:

1. For environmental review as CEQA responsible agency:
  - Certify that the Commission, its staff, and its Environmental Consultant, have reviewed and considered the environmental assessment and the Mitigated Negative Declaration prepared by the County of San Bernardino for a General Plan Land Use District Amendment from RS (Single Residential) and CG (General Commercial) to SD-RES (Special Development-Residential), a lot merger to combine three separate parcels into a single parcel, and a Planned Development Permit to construct a 112-unit affordable housing project with community and childcare facilities on approximately 5.92 acres, and found them to be adequate for the Commission's use;
  - Determine that the Commission does not intend to adopt alternatives or additional mitigation measures for this project; that all mitigation measures are the responsibility of the County of San Bernardino and/or others, not the Commission; and are self-mitigating through the Conditions of Approval; and,

- Note that this proposal is exempt from Department of Fish and Game fees because the filing fee was the responsibility of the County, as CEQA lead agency, and direct the Executive Officer to file a Notice of Determination within five (5) days of this action.
2. Approve SC#406 authorizing the City of Colton to extend water and sewer service outside its boundaries to the project area comprised of three parcels identified as Assessor Parcel Numbers (APNs) 0274-182-34, 0274-182-43, and 0274-182-46; and,
  3. Adopt LAFCO Resolution #3225 setting forth the Commission’s determinations and approval of the agreement for service outside the City of Colton’s boundaries.

**BACKGROUND:**

The City of Colton (hereinafter the “City”) has submitted a request for approval of an extra-territorial service agreement that outlines the terms by which it will extend water and sewer service outside its boundaries. The agreement relates to a proposed development that encompasses three contiguous parcels, APNs 0274-182-34, 0274-182-43, and 0274-182-46, generally located at the northwest corner of Valley Boulevard and Cypress Avenue, within the City of Colton’s sphere of influence (see Figure 1 below). Attachment #1 also provides a location and vicinity map of the site along with maps outlining the location of the infrastructure to be extended.

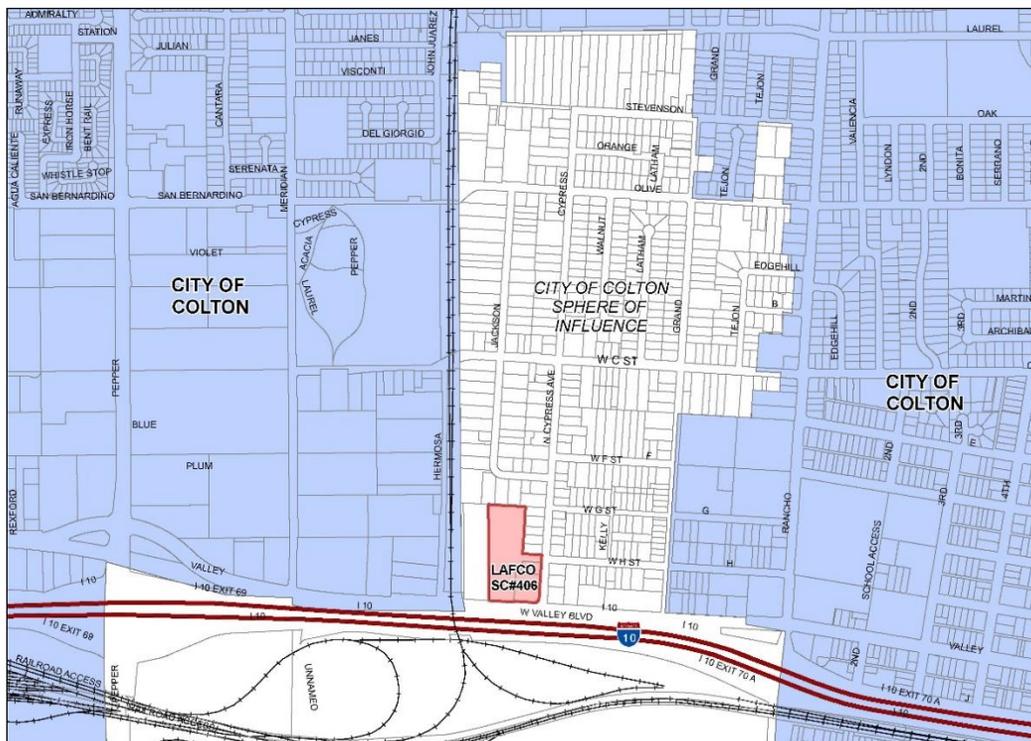


FIGURE 1 – Vicinity Map

The project area is located within the City’s unincorporated island area north of the I-10 Freeway, which is considered a totally surrounded island per the Commission’s Island Annexation policy definition. However, the total area for this unincorporated island is over 200 acres; therefore, it exceeds the 150-acre threshold for an “island” annexation procedure allowed under Government Code Section 56375.3. It should also be noted that this is an area where its residents have historically opposed any annexation to the City of Colton.

In August 2008, the Commission considered and approved LAFCO SC#335, which was a service contract for the provision of sewer service to one of the three parcels, APN 0274-182-46. However, since the Commission’s approval of the original service contract, the property has been sold to the current owner who has been working with the County’s Land Use Services Department to develop—along with the two additional parcels—a totally different project than what was intended on the original project site. Figure 2 below illustrates the difference between the original service contract area for LAFCO SC#335, and the revised service contract area for LAFCO SC#406.

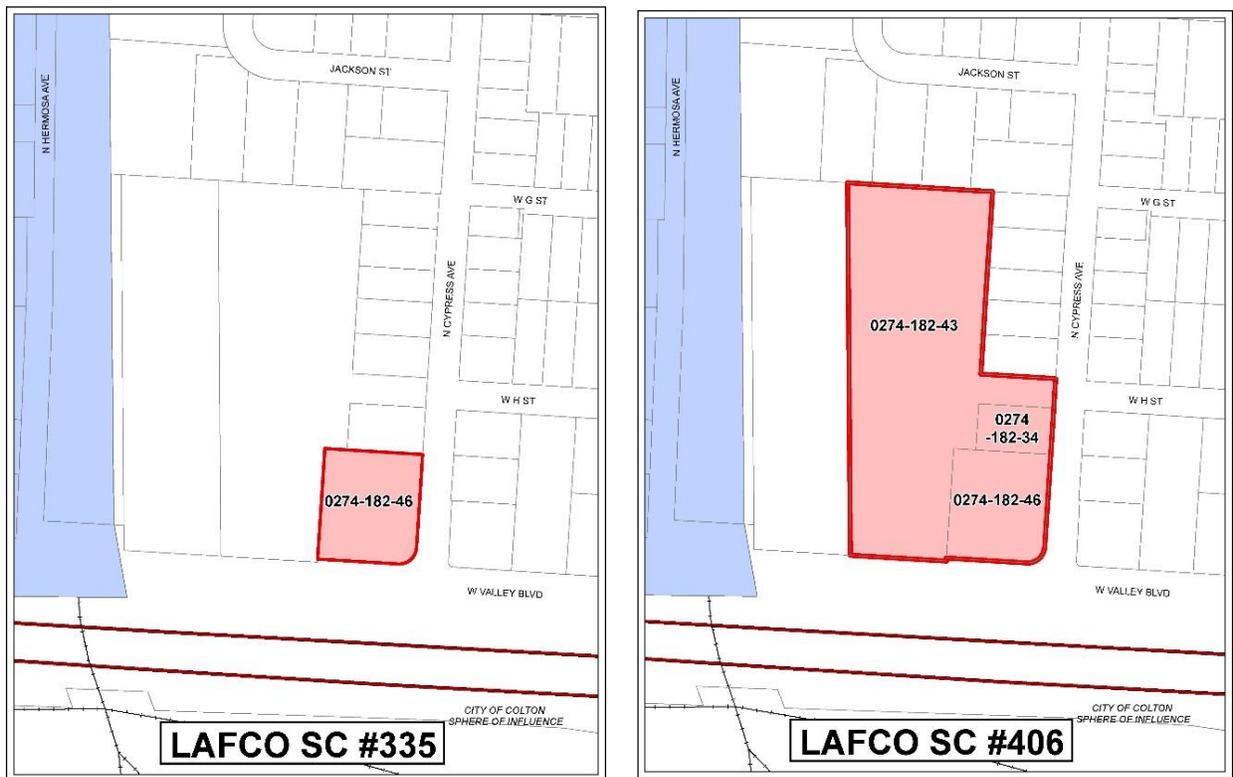


FIGURE 2 – Project Comparison between LAFCO SC#335 and LAFCO SC#406

The previous project that was proposed for LAFCO SC#335 was to build a two-story medical office building on 1.05 acres. The new project proposed for the current service contract area is a 112-unit affordable housing project with community/childcare facilities

on approximately 5.92 acres, which will require a parcel merger to combine the three parcels into a single lot. The Conditions of Approval for this new project requires the connection to the City of Colton's water facilities (Conditions 76 & 77) as well as the City of Colton's sewer facilities (Conditions 78 & 79). A copy of the Conditions of Approval for the new project is included as Attachment #3 to this report.

The proposed project is actually within the water service area of Terrace Water Company, a mutual water company that provides domestic water service to the general area. However, due to insufficient water capacity and difficulty providing fire flow, the water company has consented to the City providing water service as outlined in its agreement with the property owner/developer (Agreement included as part of Attachment #2 to this report). The agreement also outlines the property owner/developer's obligation to prepay the water company's assessment of \$286,802, the equivalent of 55 years of assessment.

Based upon these parameters, the City (on behalf of the property owner/developer), has submitted a service agreement for the new project site that includes not only the original parcel but adds the two additional parcels that encompass the entire project site. The City is requesting that the Commission review and approve the extension of both water and sewer service pursuant to the provisions of Government Code Section 56133. Authorization of this agreement is required before the City can take the final actions to implement the terms of the agreement.

**PLAN FOR SERVICE:**

The City's application (included as Attachment #2 to this report) indicates that water service will be provided to the proposed housing project and community/childcare facilities through connection to an existing 12-inch water main in Valley Boulevard. Seven water laterals will be extended from the existing main to the project. Meanwhile, sewer service will be provided by extending a 10-inch sewer main approximately 400 feet along Cypress Avenue from the existing 12-inch sewer main in Valley Boulevard. Two sewer laterals will be extended from the new sewer line in Cypress Avenue to the project site.

Pursuant to the Commission's application requirements for service contracts, information has been provided regarding all financial obligations for the extension of service outside the agency's boundaries. The City of Colton has identified an estimated cost of \$448,083 in water and sewer fees (see attachment to Contract Application Form included as part of Attachment #2). The following table shows the breakdown of fees/charges:

Description of Fee/Charge	# of Units	Per Unit Charge	Total
Water Capital Improvement Fees/Infra Charge			
1" Meter (irrigation-childcare)	1	\$2,900.00	\$2,900.00
1½" Meter (irrigation-residential & childcare)	1	\$5,200.00	\$5,200.00
2" Meter (domestic-childcare)	1	\$7,900.00	\$7,900.00
6" Meter (domestic-residential)	1	\$40,500.00	\$40,500.00
Waterline Frontage Fees			
Land Use – Commercial/Industrial	680	\$32.50	\$22,100.00
Water - Plan Check Fee			
Plan Check Fee	\$400,000	4.0%	\$16,000.00
Plan Check Fee (residential)(\$75 per page)	4	\$75.00	\$300.00
Inspection Fee (\$100,000 and over)	\$400,000	3.5%	\$14,000.00
Water – Miscellaneous Charges			
Meter Test Charge	3	\$27.00	\$81.00
Construction Meter Deposit	1	\$650.00	\$650.00
Construction Meter Application Fee	1	\$22.00	\$22.00
Wastewater Capacity Charges			
Residential – Wastewater Capacity Charge	112	\$2,800	\$313,600.00
Commercial – Wastewater Capacity charge	4,000 (gal.)	6.00	\$24,000.00
Wastewater – Sewer Inspection Charges			
Manholes, Cleanouts, Catch Basins, etc.	10	\$40.00	\$400.00
Sanitary Sewers, Storm Drains, water lines	2,000 (l.ft.)	\$30+\$0.20/l.ft.	\$430.00
<b>TOTAL</b>			<b>\$448,083.00</b>

In addition, the property owner/developer will be responsible for the entire cost of the construction and installation of the water and sewer main/laterals to the project. The construction and installation of said water and sewer mains/laterals is estimated to cost approximately \$123,936. The City has indicated that there is no rate difference for providing service outside the City's boundaries; therefore, future users of the water and sewer service will be charged the normal in-City monthly rate.

**ENVIRONMENTAL DETERMINATION:**

The County prepared an Initial Study and Mitigated Negative Declaration for a General Plan Land Use District Amendment from RS (Single Residential) and CG (General Commercial) to SD-RES (Special Development-Residential), a lot merger to combine three separate parcels into a single parcel, and a Planned Development Permit to construct a 112-unit affordable housing project with community and childcare facilities on approximately 5.92 acres.

The Commission's Environmental Consultant, Tom Dodson and Associates, has reviewed the County's environmental assessment and the Mitigated Negative Declaration issued for the proposed project. Mr. Dodson's analysis indicates that the County's Initial Study and Mitigated Negative Declaration are adequate for the Commission's use as a CEQA responsible agency.

Mr. Dodson has indicated that the necessary environmental actions to be taken by the Commission are as follows:

- a) Certify that the Commission, its staff and its Environmental Consultant, have independently reviewed and considered the County's environmental assessment and Mitigated Negative Declaration;
- b) Determine that the Commission does not intend to adopt alternatives or additional mitigation measures for the project; that the mitigation measures identified in the County's environmental documents are the responsibility of the County and/or others, not the Commission; and,
- c) Direct the Executive Officer to file the Notice of Determination within five (5) days and find that no further Department of Fish and Wildlife filing fees are required by the Commission's approval since the County, as lead agency, has paid said fees for its environmental determination.

**CONCLUSION:**

Staff has reviewed this request for the provision of water and sewer service by the City of Colton outside its corporate boundaries against the criteria established by Commission policy and Government Code Section 56133. The project to be served, which is currently comprised of three parcels, is within the sphere of influence assigned the City of Colton and is anticipated to become a part of the City sometime in the future. The development of the housing project including the community/childcare facilities requires that it receive water and sewer service. For water service, although the project site is within the Terrace Water Company's service area, the water company's inability to provide sufficient water capacity and fire flow makes the City of Colton the only other water service provider able to serve the project. Sewer service is only available from the City of Colton. Staff supports the City's request for authorization to provide water and sewer service to the proposed project since its facilities are adjacent to the anticipated development, and there is no other existing entity able to provide these services to the project at the required service levels.

**DETERMINATIONS:**

1. The project area, comprised of three adjacent parcels identified as APNs 0274-182-34, 0274-182-43, and 0274-182-46, is within the sphere of influence assigned the City of Colton and is anticipated to become a part of that City sometime in the future. The application requests authorization to receive City of Colton water and sewer services. The project will receive water service from the City of Colton in place of Terrace Water Company since the water company is currently unable to provide sufficient water capacity to the project.

The requirement for water and sewer connection are conditions of approval as identified in the County's Planned Development Permit to construct a 112-unit affordable housing project with community and childcare facilities. Therefore, approval of the City's request for authorization to provide water and sewer service is necessary in order to satisfy this condition of approval.

2. The City of Colton's Extra-Territorial Water and Sewer Service Agreement being considered is for the provision of water and sewer service by the City of Colton to the project area, comprised of three adjacent parcels identified as APNs 0274-182-34, 0274-182-43, and 0274-182-46, which are generally located at the northwest corner of Valley Boulevard and Cypress Avenue. This contract will remain in force in perpetuity for the proposed development or until such time as the project area is annexed. Approval of this application will allow the property owner/developer and the City of Colton to proceed in finalizing the contract for the extension of these services.
3. The fees charged this project by the City of Colton for both water and sewer service are identified as totaling \$448,083 (for a breakdown of fees, see table on page 4). Payment of these fees is required prior to connection to the City's water and sewer facilities. In addition, the property owner/developer shall bear all costs to complete improvements needed to extend water and sewer service to the proposed project.
4. During the period from February 2016 to May 2016, acting as the CEQA lead agency, the County prepared an environmental assessment for a General Plan Land Use District Amendment, a lot merger, and a Planned Development Permit to construct a 112-unit affordable housing project with community and childcare buildings on approximately 5.92 acres. The environmental assessment indicates that the project would not have a significant effect on the environment through its development under the Conditions of Approval prepared for the proposed project.

LAFCO's Environmental Consultant, Tom Dodson and Associates, has reviewed the County's documents and recommends that, if the Commission approves LAFCO SC#406, the County's Initial Study and Mitigated Negative Declaration are adequate for the Commission's use as CEQA responsible agency. The Commission will not be adopting alternatives or additional mitigation measures, as these are the responsibility of the County and/or others and are considered self-mitigating through implementation of the Conditions of Approval. Attachment #4 provides a copy of Mr. Dodson's response and recommendation regarding the Commission's review and necessary actions to be taken.

KRM/sm

Attachments:

1. [Vicinity Map and Maps of the Contract Area](#)

2. [City of Colton's Application, Contract Dated September 30, 2015, First Amendment to Contract Dated April 14, 2016, Agreement Between Terrace Water Company and AMCAL Las Terrazas Fund LP Regarding Prepayment of Assessment Dated February 19, 2016, City's Water & Wastewater Charges, and Cost Estimate for Offsite Water/Sewer Construction](#)
3. [County's Conditions of Approval for the Planned Development Permit \(PDP\) Las Terrazas Mixed-Use Affordable Housing and Childcare Project](#)
4. [Tom Dodson and Associates' Response and County's Mitigated Negative Declaration and Response to Comments](#)
5. [Draft Resolution #3225](#)