

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: AUGUST 8, 2016

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

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA #7: LAFCO 3209 – Reorganization to include Annexations to the West Valley Mosquito and Vector Control District and its Assessment District No. 1 and Zone A

INITIATED BY:

Resolution of the Board of Trustees of the West Valley Mosquito and Vector Control District

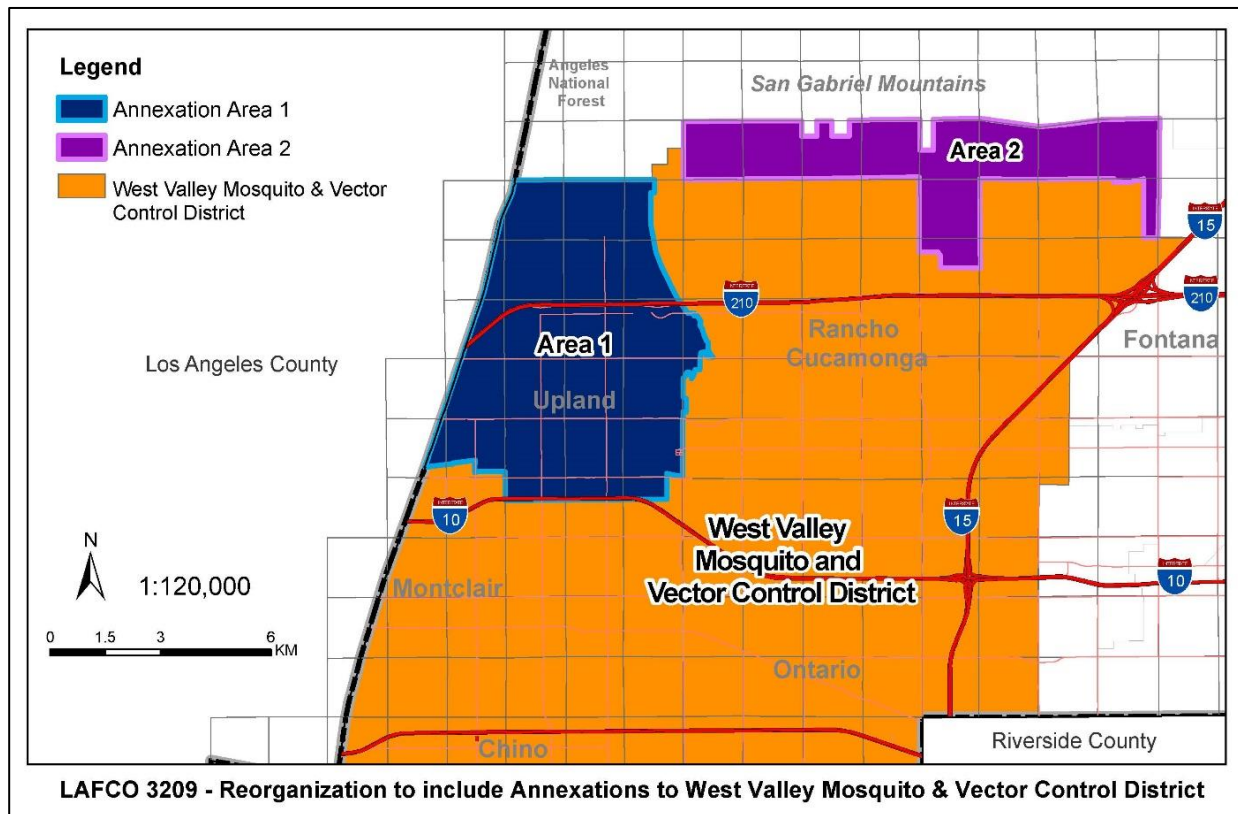
RECOMMENDATION:

The staff recommends that the Commission approve LAFCO 3209 by taking the following actions:

1. Certify that LAFCO 3209 is statutorily exempt from the provisions of the California Environmental Quality Act and direct the Executive Officer to file the Notice of Exemption within five (5) days;
2. Approve LAFCO 3209 with the following conditions:
 - A. Prior to the issuance of the Certificate of Completion for the reorganization to include annexations, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the Board of Trustees of the West Valley Mosquito and Vector Control District and the County Board of Supervisors provide to the Executive Officer of LAFCO a signed agreement to transfer a prorated portion of the County's Vector Control benefit assessment for Fiscal Year 2016-17 to the West Valley Mosquito and Vector Control District said amount to be determined based upon the effective date of LAFCO 3209; and,
 - B. The standard LAFCO terms and conditions that include the "hold harmless" clause for potential litigation costs by the applicant.
3. Adopt LAFCO Resolution No. 3231 setting forth the Commission's determinations and conditions of approval concerning the reorganization proposal.

BACKGROUND:

In January 2016, the West Valley Mosquito and Vector Control District (hereafter shown as the “District”) initiated a reorganization application that proposes to annex the City of Upland and its unincorporated sphere area commonly known as “San Antonio Heights” (Area 1) and the rest of the District’s sphere of influence outside of its boundary, which includes the entirety of the City of Rancho Cucamonga’s unincorporated sphere area (Area 2). The map below provides a general location of the two areas that are proposed for annexation as part of this reorganization.



The reorganization also includes the annexation of the two areas into the District’s Vector Control Assessment District (Assessment District No. 1) and Zone A. In 1996, the District passed Resolution No. 96-3 approving the creation of Assessment District No. 1 along with the two different Zones of Benefit (Zones A and B) for the levying of annual assessments within the boundaries of the District to provide funding for the services of the District including projects and programs for the surveillance, prevention, abatement, and control of mosquitos and other vectors. The cost of these services also includes capital costs comprised of equipment, capital improvements and facilities necessary and incidental to vector control programs of the District.

The primary reason for the proposal is to consolidate mosquito and vector control services in the west end of the valley region for San Bernardino County. Also, the District provides a comprehensive mosquito and vector control services in four main areas, which include, but

are not limited to: responding to service requests from the public for a variety of disease and poisonous vectors and nuisance vectors in a timely manner, routinely inspects and eliminates or treats vector breeding sources, surveillance of vector populations and vector-borne disease pathogens, and providing outreach to the public. Hence, the reorganization would allow for comprehensive service delivery to the west end of the valley region for San Bernardino County.

In addition, the District's headquarters is located in the City of Ontario. Therefore, the response time to residents within the City of Upland and its unincorporated sphere area as well as to residents within the City of Rancho Cucamonga's unincorporated sphere area will be quicker than it is currently with the County due to the proximity of the District's facilities.

The District has modern, high-tech laboratories and highly trained staff that are constantly testing for vector-borne diseases within its service area. The District's public outreach staff is available to attend various functions including concerts at the part where mosquito repellent wipes are handed out to residents free of charge. It also reaches out to schools to educate students on mosquitoes and other vectors and the diseases they carry.

Residents in the annexations areas will also be able to pick-up mosquito fish and mosquito dunks¹ for use in their ponds or other sources of standing water—free of charge by going to the District's office in Ontario rather than having to travel to the County offices.

As a result, the reorganization area will also receive enhanced mosquito and vector control services.

City of Upland Support:

The City of Upland took an action on January 25, 2016 to support the proposed annexation noting that the only area the District does not serve in the west end of the valley is the City of Upland. It indicated that annexation would result in a more efficient delivery of service. It also acknowledged that if the annexation is successful, the City Upland would be given a seat on the District Board, which would provide for a direct voice to implement programs and outreach efforts to the citizens of the City of Upland.

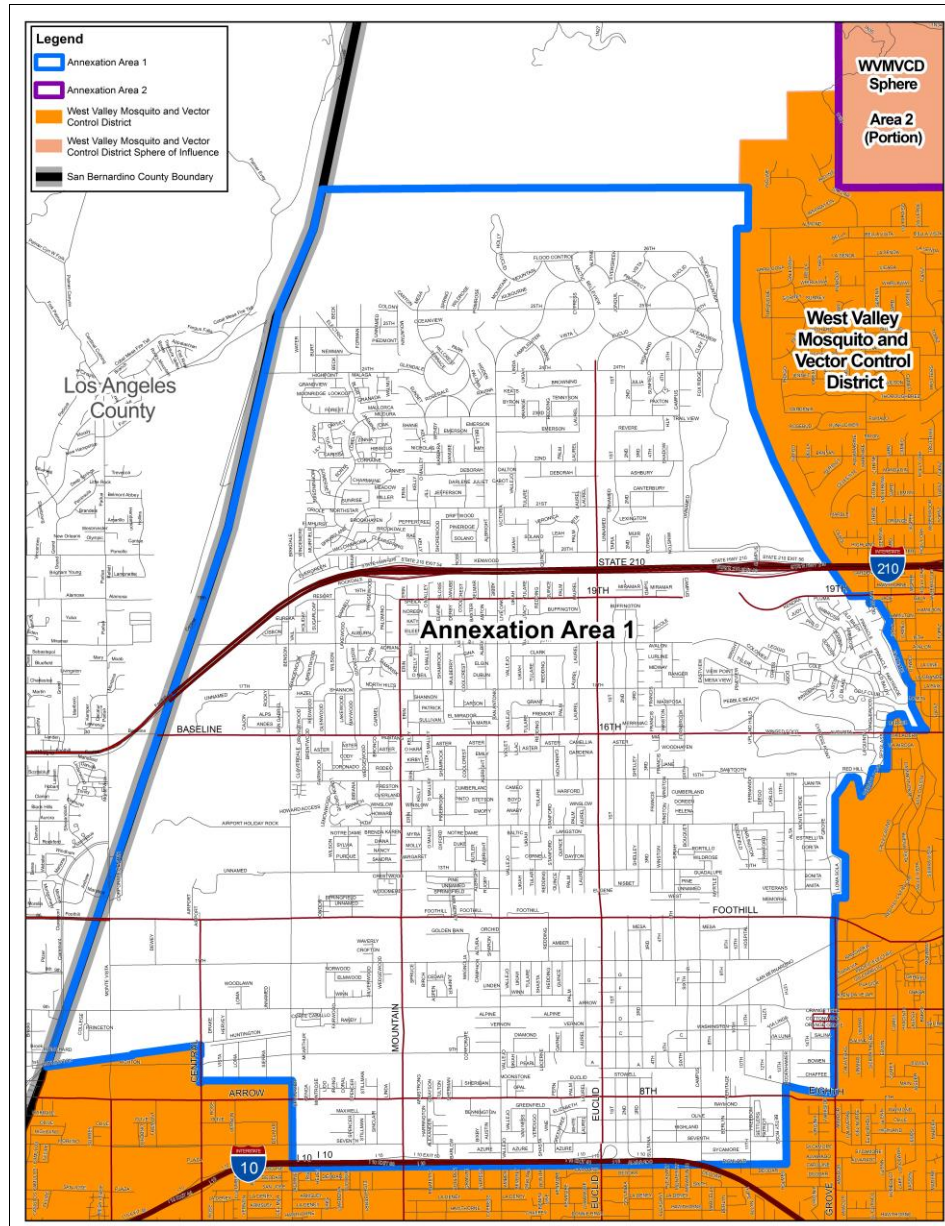
This report will provide the Commission with the information related to the four major areas of consideration required for a jurisdictional change – boundaries, land uses, service issues and the effects on other local governments, and environmental considerations.

BOUNDARIES:

The territory proposed for annexation to the District and its Assessment District No. 1 and Zone A includes two separate areas encompassing a total of approximately 17,644 acres (27.6 square miles), generally described as follows:

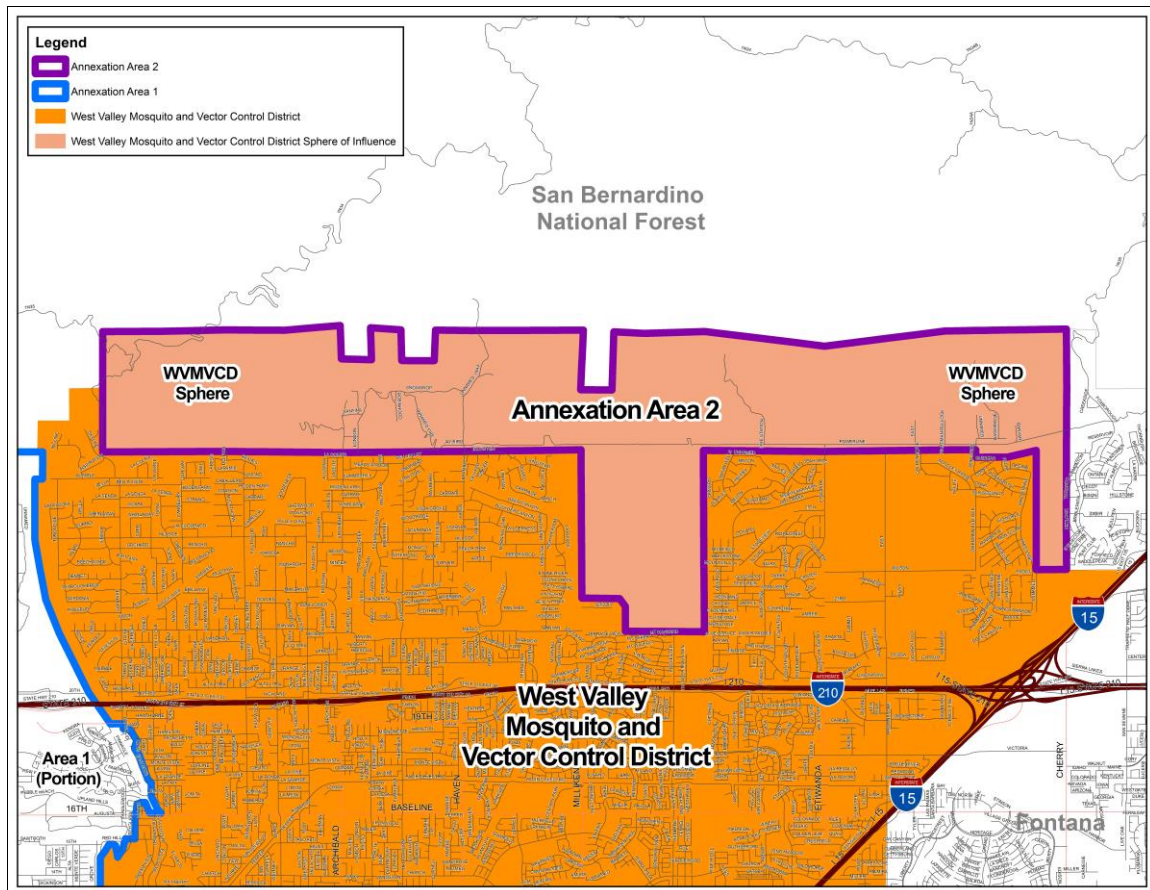
¹ Mosquito Dunks is a registered trademark for a mosquito control product that has the active ingredient BTI (*Bacillus thuringiensis* subspecies *israelensis*), which is a bacterium that, when added to any standing water, pond, or water garden, is deadly to mosquito larvae but harmless to humans or other wildlife such as pets, fish, etc.

- Area 1 includes the entirety of the City of Upland's boundaries and its unincorporated sphere of influence area commonly known as "San Antonio Heights" encompassing approximately 11,696 acres (18.3 square miles). The area is generally bounded by the Los Angeles/San Bernardino Countyline on the west, the Cities of Montclair and Ontario on the south, the City of Rancho Cucamonga on the east, and the National Forest boundary on the north.



Area 1 is also the area being considered for a sphere of influence amendment (expansion) for the District as a separate action (LAFCO 3208).

- Area 2 includes the District's existing sphere of influence, which covers the City of Rancho Cucamonga's unincorporated sphere of influence encompassing approximately 5,949 acres (9.3 square miles). The area is generally bounded by the National Forest and the City of Rancho Cucamonga on the west, the City of Rancho Cucamonga on the south, the City of Fontana on the east, and the National Forest boundary on the north.



The annexation of these two areas into the District will consolidate its service area within the west end of the valley region for San Bernardino County encompassing the City of Chino and its unincorporated sphere, the City of Chino Hills, the City of Montclair and its unincorporated sphere, the City of Ontario, the City of Rancho Cucamonga and its unincorporated sphere, and the City of Upland and its unincorporated sphere, which are easily identifiable boundaries for service delivery. In addition, the annexation to Assessment District No. 1 and Zone A places the entire reorganization in one of the District's financing entities/zones, which provide the funding for the comprehensive services of the District. Therefore, the proposal presents no boundary concern.

LAND USE:

Area 1 of the reorganization proposal includes the City of Upland and its unincorporated sphere area. The City includes a full range of land uses including residential (single-family and multi-family residential uses), commercial, industrial, special/institutional (public facilities, park and open space, schools, and institutional uses) as well as mixed-use designations. The City's unincorporated sphere area, which is commonly known as the community of San Antonio Heights, is mostly designated by the County as RS-14M (Single Residential, 14,000 square feet minimum) with clusters of areas designated as RS-10M (10,000 square feet minimum), RL-5 (Rural Living, 5 acre minimum), SD-RES (Special Development – Residential), Resource Conservation, and a few Commercial land uses.

Area 2 includes the City of Rancho Cucamonga's unincorporated sphere of influence area, which is designated by the County with the following land uses: RS-1 (1 acre minimum), RL, RL-5 (5 acre minimum), RL-10 (10 acre minimum), SD-RES, Resource Conservation, Institutional, Open Space, and Floodway.

No change in land use is anticipated as a result of the reorganization proposal. In addition, approval of this proposal will have no direct impact on the current land use designations assigned for the reorganization area. Therefore, there are no land use concerns related to this proposal.

SERVICE ISSUES AND EFFECTS ON OTHER LOCAL GOVERNMENTS:

In every consideration for jurisdictional change, the Commission is required to look at the existing and proposed service providers within an area. Current County service providers within the reorganization areas include: San Bernardino County Fire Protection District and its Valley Service Zone, County Service Area 120, County Service Area SL-1 and County Service Area 70 (multi-function entity). In addition, the following entities overlay the reorganization area: Chino Basin Water Conservation District, Monte Vista Water District, Inland Empire Resource Conservation District, Rancho Cucamonga Fire Protection District, City of Upland, Cucamonga Valley Water District, Metropolitan Water District of Southern California and Inland Empire Utilities Agency.

The only entity that is directly affected by this reorganization is the County's Mosquito and Vector Control Program, which is the entity that currently provides the service to the area. However, as identified in email correspondence from its Interim Program Manager (included as Attachment #4 to this report), the County fully supports the annexation and the financial aspects related to this proposal.

The application includes a plan for the extension of services for the reorganization area as required by law and Commission policy (included as part of Attachment #2 to this report).

As identified earlier, the District provides a comprehensive mosquito and vector control services in four main areas:

1. The District responds to service requests from the public for a variety of disease and poisonous vectors (e.g. mosquitoes, ticks, rats, honey bees, wasps, etc.) and

nuisance vectors (e.g. flies, gnats, snakes, etc.) in a timely manner. In addition, the District mitigates the vector-related problem by removing the vector or issues abatement notices to the responsible individuals.

2. The District field staff routinely inspects and eliminates or treats all known vector breeding sources (e.g. dairy waste water ponds, drainage ditches, flood fields, bmp's, etc.), advises property owners to mitigate the sources whenever possible, and looks for new or potential vector breeding sources.
3. The District conducts regularly scheduled surveillance for West Nile virus, St. Louis encephalitis, and Western Equine encephalomyelitis, Hantavirus, Arenavirus, Lyme disease, Rickettsial diseases, and plague. The District also constantly monitors for other disease agents that are potentially dangerous to the area, such as malaria, dengue fever, Japanese encephalitis, Chikungunya fever, Zika virus, etc. and invasive vectors such as the Asian tiger mosquito and yellow fever mosquito and other diseases that pose a threat to the health and safety of the local residents and visitors.
4. The District provides outreach to the public. It currently uses a variety of media to spread information on vectors, vector-borne diseases, control and prevention to the public. Its staff attends various events, provides presentations, and field trips in an effort to inform residents about mosquito-borne disease and how they can protect themselves and their community.

Annexation to Vector Control Assessment District (Assessment No. 1) and its Zone A:

The Plan for Service and the supplemental data indicates that the reorganization area will be included in the District's existing Vector Control Assessment District (Assessment No. 1) Zone A, which will replace the County's existing benefit assessment and, if successful, will take effect beginning Fiscal Year 2017-18.

The table below shows the breakdown of the anticipated assessment for the reorganization area based on number of units and the land use types:

West Valley Mosquito and Vector Control District Assessment Methodology			Preliminary Benefit Units and Assessment in Annex Area	
Property Type / Land Use	Benefit Units	2016-17 Rate	Benefit Units	Assessment
Single family residential/ Condo/ Mobile Home (secured)	1	\$13.12	18,709	\$245,462
Multi family, 2 units	2	\$26.24	530	\$6,954
Multi family, 3 units	3	\$39.36	351	\$4,605
Multi family, 4 units	4	\$52.48	1,256	\$16,479
Multi family, 5-14 units	5	\$65.60	717	\$9,407
Multi family, 15 units and up	6	\$78.72	462	\$6,061
Commercial / Industrial / Office / Vacant / Other types	1.667	\$21.87	3,374	\$44,265
Unassessable (Govt, HOA, Public Utilities)	0.00	\$0.00	0	\$0
			25,399	\$333,233

Based on the 2016-17 rate, the District's Zone A would assess \$13.12 per unit for residential parcels and \$21.87 per parcel for all other types (e.g. commercial, industrial, vacant, etc.). The rates are not to exceed the reasonable cost of providing vector surveillance and control activities, and cannot in the future exceed fifty dollars (\$50) annually as determined by the District's Board of Trustees. This special assessment will replace the County's existing special assessment for mosquito and vector control which is currently set at \$5.62 per unit for residential and \$10.26 for commercial/industrial. The proposed rate represents an increase of approximately \$7.50 per unit for residential parcels and \$11.60 for each commercial/industrial parcels.

Due to the timing of the proposal's consideration, the District will not be able to place its benefit assessment on this year's assessment rolls. Therefore, the County's existing assessment for Fiscal Year 2016-17 will continue to be charged. However, if the reorganization proposal is successful, staff proposes as a condition that a portion of the County's assessment will be transferred to the District prorated based on the Certificate of Completion for LAFCO 3209 being issued in order for the District to begin providing the services within the reorganization area. To implement the transfer of the County's assessment to the District, the condition will require both the District and the County approve a contract prior to the issuance of the Certificate of Completion that outlines the process by which the County will transfer a portion of its assessment revenue received for Fiscal Year 2016-17 prorated based on the effective date of the reorganization:

- Prior to the issuance of the Certificate of Completion for the reorganization to include annexations, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the Board of Trustees of the West Valley Mosquito and Vector Control District and the County Board of Supervisors provide to the Executive Officer of LAFCO a signed agreement to transfer a prorated portion of the County's Vector Control benefit assessment for Fiscal Year 2016-17 to the West Valley Mosquito and Vector Control District said amount to be determined based upon the effective date of LAFCO 3209.

As shown on the District's five-year financial analysis below (which is also included as part of Attachment #2), the District is anticipating the receipt of the County's assessment for the first year, which is much less than what the District estimates the cost would be to provide the service. In order to supplement this revenue that it will receive the first year, the District will be providing an internal loan—to be repaid in future years—in order to have all the necessary funding to provide the increased level of service anticipated immediately delivered.

Fiscal Impact Analysis	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Estimated Annual Revenue					
WVMVCD loan from/to reserves	179,000	(30,090)	(31,728)	(35,422)	(37,214)
Benefit Assessment	139,000	342,990	353,280	363,878	374,794
TOTAL ESTIMATED REVENUES	318,000	312,900	321,552	328,456	337,580
Estimated Annual Cost of Providing Vector Control Services					
Salaries, Employee Benefits, Admin					
2 Vector Control Technicians	160,000	164,800	169,744	174,836	180,081
1 part-time (50%) Lab Assistant	50,000	51,500	53,045	54,636	56,275
1 part-time (20%) Office Assistant	35,000	36,050	37,132	38,245	39,393
1 part-time (30%) Public Outreach assistant	35,000	36,050	37,132	38,245	39,393
	280,000	288,400	297,052	305,964	315,142
Operation, Materials, Supplies					
Vector control supplies	10,000	10,000	10,000	10,000	10,000
Public outreach supplies	8,000	3,000	3,000	3,000	3,000
	18,000	13,000	13,000	13,000	13,000
Fixed Assets/Equipment					
Trucks	8,000	8,000	8,000	8,000	8,000
Vector control equipment	3,000	1,500	1,500	500	500
Communication equipment	6,000	1,000	1,000	500	500
Office equipment (e.g. computers, etc)	3,000	1,000	1,000	492	438
	20,000	11,500	11,500	9,492	9,438
TOTAL ESTIMATED COSTS	318,000	312,900	321,552	328,456	337,580

Table: The cost of the trucks is amortized over 5 years.

Staff's concerns regarding the revenue projection detailed above is that the District did not include any reserves in its calculation. In addition, the fact that the revenues for the first year will place the District's budget for the reorganization in a deficit, anticipated to be even higher depending on the prorated share it will receive from the County's benefit assessment for Fiscal Year 2016-17, is a concern. However, based on the District's Audits for the Fiscal Year ended June 30, 2015, it has an unassigned reserves of over \$2.5 million, which is about 100 percent contingency over its total expenditures. Therefore, the initial shortfall will not have a significant effect on the District's ability to fund its services. The District will simply loan itself the money from its reserves to cover the amount not received from the County and will repay its reserve account once the full assessment amounts are being received.

All of the proceeds derived from the special assessment will be utilized to fund the cost of providing a level of tangible "special benefits" in the form of mosquito and vector control and surveillance, source reduction, larvicide and adulticide applications, disease monitoring, public education, reporting, accountability, research and interagency cooperative activities, and other services including costs incidental to providing the services and collecting the assessments.

As required by Commission policy and State law, the Plan for Service shows that the extension of its services will maintain, and/or exceed, current service levels provided through the County.

Board of Trustees Reconstitution:

Currently, the District has a six-member board of Trustees. One member is appointed by the City Councils of the Cities of Chino, Chino Hills, Montclair, Ontario, and Rancho Cucamonga with the remaining board member being appointed by the San Bernardino County Board of Supervisors representing the unincorporated areas of the District. Following the successful completion of LAFCO 3209, the City Council of the City of Upland will begin appointing the seventh Board of Trustee, who will represent the City of Upland and will have a voice in deciding the level of service and service priorities for the City.

ENVIRONMENTAL CONSIDERATIONS:

As the CEQA lead agency, the Commission's Environmental Consultant, Tom Dodson from Dodson and Associates, has indicated that the review of LAFCO 3209 is statutorily exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the fact that the reorganization will transfer the delivery of mosquito and vector control services from one entity to another which will not result in any physical impacts on the environment. Therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). It is recommended that the Commission adopt the General Rule Statutory Exemption for this proposal. A copy of Mr. Dodson's analysis is included as Attachment #4 to this report.

CONCLUSION:

The proposal was submitted by the West Valley Mosquito and Vector Control District to consolidate mosquito and vector control services in the west end of the valley region for San Bernardino County. In addition, the District will provide an enhanced level of mosquito and vector control services. Therefore, for these reasons, and those outlined throughout the staff report, the staff supports the approval of LAFCO 3209.

DETERMINATIONS:

The following determinations are required to be provided by Commission policy and Government Code Section 56668 for any change of organization/reorganization proposal:

1. The reorganization proposal is legally inhabited containing 35,911 registered voters within Areas 1 and 2 as certified by the Registrar of Voters as of March 9, 2016.
2. The County Assessor's Office has determined that the total assessed value of land and improvements within the reorganization area is \$8,704,938,158 (land--\$2,778,134,677; improvements--\$5,926,803,481) as of March 23, 2016. The breakdown of assessed value of land and improvements for both areas are as follows:

Area 1 -- \$8,644,326,682 (land - \$2,733,274,654; improvements - \$5,911,052,028)
Area 2 -- \$ 60,611,476 (land - \$ 44,860,023; improvements - \$ 15,751,453)

3. Through approval of the companion proposal, LAFCO 3208, the reorganization area will be within the sphere of influence assigned the West Valley Mosquito and Vector Control District.
4. In compliance with Commission policies and State law, legal notice of the Commission's consideration of the proposal has been provided through publication of a 1/8th page advertisement in the *Inland Valley Daily Bulletin*, a newspaper of general circulation within the reorganization area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those individuals and agencies having requested such notice.

In compliance with the requirements of Government Code Section 57025, individual notice was mailed to landowners within the reorganization area (totaling 20,471) due to the benefit assessment being extended. Comments from landowners and any affected local agency in support or opposition will be reviewed and considered by the Commission in making its determination.

5. The City of Upland and the County's land use designation for the reorganization area includes a full range of land uses including residential, commercial, industrial, special/institutional, mixed-use, open space, and floodway. This reorganization proposal has no direct effect on the City's or the County's General Plan land use designations assigned for the area.
6. The Southern California Associated Governments (SCAG) adopted its 2016-2040 Regional Transportation Plan and Sustainable Communities Strategy pursuant to Government Code Section 65080. LAFCO 3209 has no direct impact on SCAG's Regional Transportation Plan.

The Sustainable Community Strategy includes as a goal the need to promote and improve public health which approval of LAFCO 3209 accomplishes.

7. The Commission's Environmental Consultant, Tom Dodson and Associates, has recommended that this proposal is statutorily exempt from environmental review based on the finding that the Commission's approval of the reorganization has no potential to cause any adverse effect on the environment since the reorganization will transfer the delivery of mosquito and vector control services from one entity to another which will not result in any physical impacts on the environment; and therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). Mr. Dodson recommends that the Commission adopt the Statutory Exemption and direct its Executive Officer to file a Notice of Exemption within five (5) days. A copy of Mr. Dodson's response letter is included as Attachment #4 to this report.
8. The reorganization areas are served by the following local agencies:

County of San Bernardino
City of Upland
Monte Vista Water District

Cucamonga Valley Water District
Chino Basin Water Conservation District
Inland Empire Resource Conservation District
Inland Empire Utilities Agency
Metropolitan Water District of Southern California
Rancho Cucamonga Fire Protection District
San Bernardino County Fire Protection District and its Valley Service Zone
County Service Area 120
County Service Area SL-1
County Service Area 70 (unincorporated County-wide multi-function agency)

None of the agencies identified above are affected by this proposal. The only affected agencies are the County through its Mosquito and Vector Control Program under its Division of Environmental Health Services and the West Valley Mosquito and Vector Control District.

9. A plan was prepared for the extension of services to the reorganization area, as required by law. The Plan for Service indicates that the District can maintain and/or improve the level and range of services currently available within the reorganization area. A copy of this plan is included as a part of Attachment #2 to this report.

The Plan for Service and Fiscal Impact Analysis 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 the Plan for Service, its supplemental data and the Fiscal Impact Analysis, conform to those adopted standards and requirements.

10. The reorganization can benefit from the availability and extension of services, as evidenced by the Plan for Service.
11. This proposal will not affect the fair share allocation of the regional housing needs assigned to the City of Upland and/or the unincorporated County area through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) process.
12. With respect to environmental justice, the reorganization proposal—which provides for enhanced level of mosquito and vector control services in the area —will not result in the unfair treatment of any person based on race, culture or income.
13. The County of San Bernardino adopted a resolution determining there will be no transfer of property tax revenues. This resolution fulfills the requirement of Section 99 of the Revenue and Taxation Code.
14. 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/sm

Attachments:

1. [Vicinity Maps for the Reorganization Proposal](#)
2. [West Valley Mosquito and Vector Control District Application and Plan for Service](#)
3. [City of Upland Letter of Support Dated January 26, 2016](#)
4. [Email Correspondence from the County's Division of Environmental Health Services Dated March 30, 2016](#)
5. [Tom Dodson's Environmental Response for LAFCO 3209](#)
6. [Draft Resolution No. 3231](#)