

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: MAY 8, 2019 *Sum Martinez*
FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #9 - LAFCO 3230 – Sphere of Influence Amendment for
County Service Area 120 (Zero Sphere)

INITIATED BY:

Local Agency Formation Commission for San Bernardino County

RECOMMENDATION:

Staff recommends that the Commission take the following actions related to the sphere of influence establishment for County Service Area 120:

1. Certify that LAFCO 3230 is statutorily exempt from environmental review, and direct the Executive Officer to file a Notice of Exemption within five days;
2. Confirm the authorized functions and services of County Service Area 120 as identified in the *LAFCO Policy and Procedure Manual, Section VI, Chapter 3: Listing of Special Districts within San Bernardino LAFCO Purview - Authorized Functions and Services*;
3. Designate a “zero” sphere of influence for County Service Area 120 indicating that it is the Commission’s position that a change of organization should take place which would assign the service obligations and responsibilities for County Service Area 120 to another agency; and,
4. Adopt LAFCO Resolution No. 3287 reflecting the Commission’s determinations and findings for the County Service Area 120 sphere of influence.

FORMATION AND SPHERE OF INFLUENCE ESTABLISHMENT:

County Service Area 120 (hereafter referred to as CSA 120) was formed on July 1, 2009 as a single purpose agency in order to consolidate the open space habitat conservation

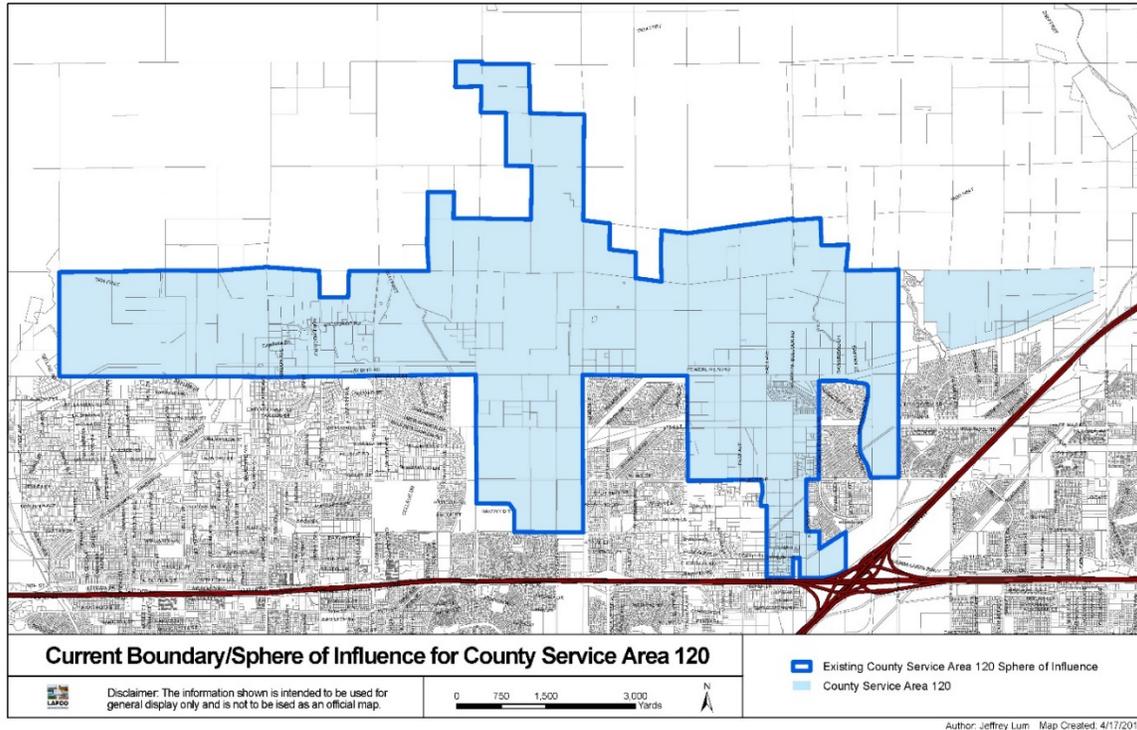
management operations of CSA 70 Zones OS-1 and OS-3, districts created to acquire mitigation properties associated with the development in the west valley portion of San Bernardino County. CSA 120's boundaries are generally located northerly of the I-210 Freeway within the City of Rancho Cucamonga and its sphere of influence, generally bounded by Etiwanda Avenue on the west, parcel lines on the north, Wardman-Bullock Road on the east, and parcel lines on the south.

In April 2010, as required by law, the Commission initiated the sphere of influence establishment for CSA 120, recommending a coterminous sphere with CSA 120's boundary. In March 2012, the San Bernardino County Board of Supervisors initiated an application for a modified CSA 120 sphere which included the original area of CSA 120 and additional territory stretching from the Los Angeles County line along the foothills of the San Gabriel Mountains into the Lytle/Cajon Creek area comprised of approximately 35,745 acres. Following receipt of the County's application, staff began its analysis. LAFCO's preliminary concerns regarding the proposed sphere expansion included funding, the operational ability to acquire additional mitigation lands, and whether or not a duplication of service providers in the area would result in the most efficient and effective mechanism for service delivery.

In February 2014, the County revised its proposed sphere application to include the existing boundaries of CSA 120 but excluding territory included within the City of Fontana's Multi-Species Habitat Conservation Plan (within the City of Fontana's existing sphere). The amendment request was based on ongoing discussions between LAFCO, County Administrative Office, and Special Districts Department staffs. In September 2014, the Commission approved LAFCO Resolution No. 3190 - the County's modified proposal for the establishment of the CSA 120 sphere (copy included as Attachment #3), which is generally coterminous with CSA 120's existing boundary except for the exclusion of the territory included within the City of Fontana's Multi-Species Habitat Conservation Plan.

The current CSA 120 boundary and sphere of influence are shown on the map below. The District's boundary encompasses approximately 9,557 acres (14.93 square miles), and the District's sphere of influence is approximately 8,972 acres (14.01 square miles).

CSA 120 Current Boundary and Sphere of Influence



APPLICATION JUSTIFICATION:

From the outset, CSA 120 experienced financial and operational challenges. LAFCO Resolution No. 3190, establishing CSA 120's sphere, included four conditions requiring CSA 120 to address ongoing concerns related to financial solvency, operations, and management of endowment funds. The four conditions were:

1. Within six months of the approval of the sphere of influence establishment, County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment;
2. Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only;
3. Within six months of the approval of the sphere establishment, County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties; and,
4. Within six months of the approval of the sphere of influence establishment, County Service Area 120 will have developed funding plans to restore endowment balances

for those mitigation properties where mitigation work has not been performed but interest earnings used.

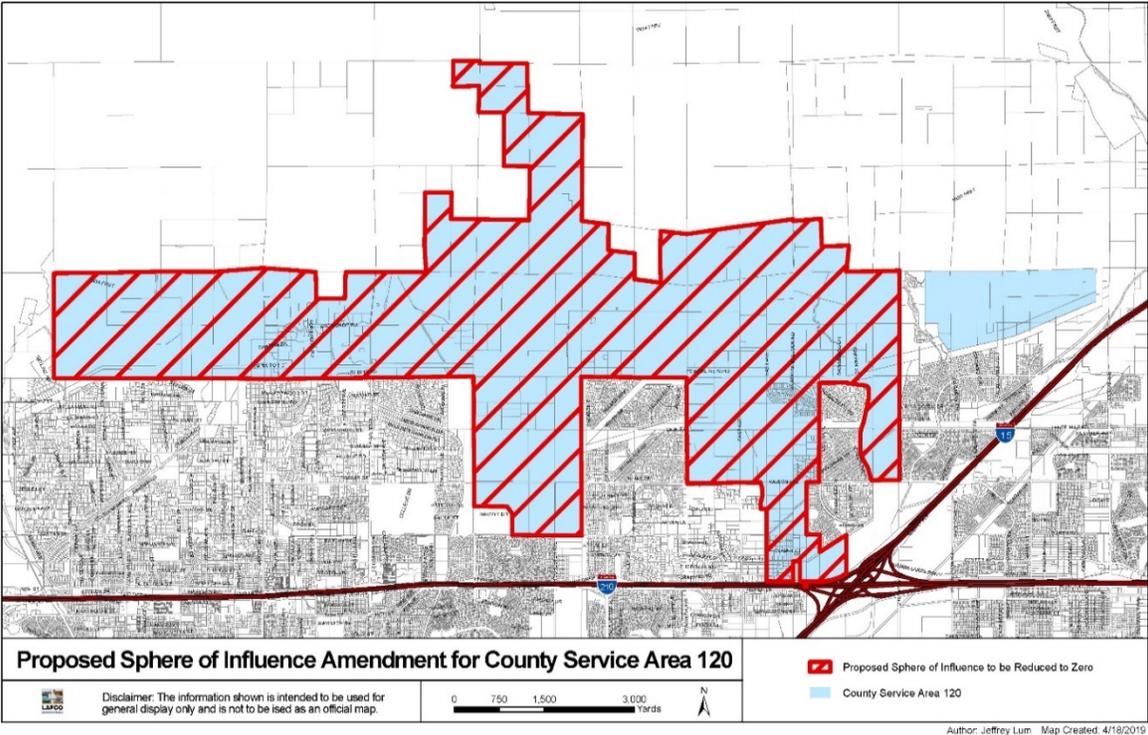
A fifth condition required LAFCO staff to provide periodic updates to the Commission regarding the County's progress in addressing these issues. Following LAFCO staff's May 2015 status update on lack of compliance with these conditions, the Commission directed LAFCO staff to evaluate a sphere of influence reduction to a zero sphere of influence for CSA 120 if, at the next update, any of the Resolution No. 3190 conditions remain unmet.

The latest CSA 120 status report prepared by LAFCO staff, dated June 13, 2018 (copy included as Attachment #4), concluded that three out of four conditions included in Resolution No. 3190—CSA 120's inability to hold and manage additional mitigation lands, the lack of additional reporting, as well its inability to restore the endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used—remained unmet.

Consequently, at the June 2018 hearing, the Commission directed staff to: (1) initiate a sphere of influence amendment for CSA 120 with the direction that it be assigned a zero sphere of influence; and (2) convene a working group including representatives of CSA 120, LAFCO staff, and other affected and interested agencies to review the option for a possible reorganization to transfer responsibility for the mitigation lands currently being held and managed by CSA 120.

A vicinity map showing the proposed zero sphere of influence for CSA 120 is shown below and included as Attachment #1 to this report.

Proposed Sphere of Influence for CSA 120 (Zero Sphere of Influence)



A meeting of the working group, coordinated by LAFCO staff, was held on February 14, 2019, and participants agreed to share information/data in advance of upcoming working group meetings to be scheduled in the near future. To date, no formal opposition to the establishment of a zero sphere for CSA 120 has been received by LAFCO.

Through the circulation of the Notice of Filing for LAFCO 3230, LAFCO received a response letter from the City of Rancho Cucamonga indicating its support for a zero sphere of influence for CSA 120 (see the City of Rancho Cucamonga's response letter included as Attachment #5 to this report). No other responses/comments were received.

SPHERE OF INFLUENCE DETERMINATIONS:

Government Code Section 56425(e) requires that the Commission make a written statement of its determinations on the factors outlined in the statute. For an entity such as CSA 120, these determinations are far more subjective than when drafting determinations for an agency which provides for infrastructure or direct health and safety services for the residents or travelers within an area. The following narrative provides staff's analysis of these factors for CSA 120:

1. The present and planned land uses in the area including agricultural and open space lands:

The existing uses within the boundaries of CSA 120 include open space uses and primarily rural residential development. Existing land use designations include Open space, Floodway, Rural Living (10-acre and 5-acre minimum lot size), Single Residential (1-acre minimum lot size), and Special Development Residential under the County's General Plan. The City of Rancho Cucamonga assigns the area within its sphere of influence the following land use designations: Open Space, Open Space Hillside Residential, Open Space Flood Control/Utility Corridor, and Open Space Conservation. The City of Fontana assigns its portion as Open Space. The area includes mitigation lands deeded to CSA 120, with the County of San Bernardino holding the conservation easements. No agricultural land uses are designated within CSA 120's current sphere of influence.

In 2018, CSA 120 was estimated to be home to 1,139 residents. By 2023, population is projected to grow to 1,260, an annual increase of 2.04 percent. In 2018, CSA 120 included 319 dwelling units, with an additional 33 units expected by 2023.¹

2. The present capacity of public facilities and adequacy of public services that the agency to be expanded provides or is authorized to provide:

The sphere of influence amendment proposes to reduce the sphere of influence for CSA 120 to a zero sphere of influence due to financial and operational constraints. LAFCO Resolution No. 3190 (copy included as Attachment #3) outlines the concerns regarding the current and future adequacy of service and the rationale for that determination. No

¹ Population and dwelling unit figures are from U.S. Census Bureau and ESRI forecasts for 2018 and 2023.

information subsequent to the issuance of Resolution 3190 has altered the determinations. A zero sphere of influence signals the Commission's position that a future change of organization should occur, transferring the service obligation to another agency.

3. The present and probable need for public facilities and services in the area:

The need for public facilities and services within CSA 120 is limited. Since CSA 120 has been unable to receive approval of its designation to acquire additional mitigation properties, the probable need for this service is not present as no new service can be extended. However, there are other agencies which could provide this service in the future.

4. The existence of any social or economic communities of interest as determined by the Commission to be relevant to the agency:

CSA 120 provides for the management of mitigation lands within a specific type of habitat. Therefore, its community of interest comprise the foothill communities of the San Gabriel Mountains which support the endangered species identified by local, state and federal wildlife agencies. This determination is compromised by the lack of authorization for CSA 120 to acquire additional habitat lands.

SERVICES OF THE AGENCY:

When adopting a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). LAFCO staff recommends that the Commission affirm the service description for County Service Area 120 as identified in the *LAFCO Policy and Procedure Manual, Section VI, Chapter 3: Listing of Special Districts within San Bernardino LAFCO Purview - Authorized Functions and Services*, as follows:

FUNCTIONS

Open space and habitat conservation

SERVICES

Open space and habitat conservation including, but not limited to, the acquisition, preservation, maintenance, and operation of land to protect unique, sensitive, threatened, or endangered species, or historical or culturally significant properties. Any setback or buffer requirements to protect open-space or habitat lands shall be owned by a public agency and maintained by the county service area so as not to infringe on the customary husbandry practices of any neighboring commercially productive agricultural, timber or livestock operations.

ADDITIONAL DETERMINATIONS:

1. The Commission is the lead agency for review of the potential environmental consequences of the sphere of influence modifications. LAFCO staff has provided the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, with the application materials for review. Mr. Dodson has indicated the proposed sphere amendment is not judged to pose any adverse changes to the physical environment. Therefore, his recommendation is that the sphere amendment is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061(b).
2. 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 in the area.
3. Individual notices were provided to affected and interested agencies, County departments and those individuals and agencies requesting special notice.

CONCLUSION:

Since 1998, mitigation lands acquired by the County along the west valley portion of San Bernardino County have been managed through its system of board-governed special districts, originally through CSA 70 Zones OS-1 and OS-3, and eventually through CSA 120. Operational and fiscal constraints have plagued CSA 120 over many years, making it ineffective in acquiring additional mitigation lands and unable to implement a long-term, sustainable financing plan to support CSA 120 operations.

Over the past four years, since the Commission established the sphere of influence for CSA 120, LAFCO staff has provided periodic updates to the Commission on the status of CSA 120's finances and operations, culminating in the Commission's direction at the June 2018 hearing that LAFCO initiate a sphere of influence amendment for CSA 120 with the direction that it be assigned a zero sphere of influence and that LAFCO staff convene a working group to explore options to transfer responsibility for managing the mitigation lands to another entity. Consistent with the Commission's direction, staff recommends that the Commission designate a zero sphere of influence for CSA 120 as outlined in Resolution No. 3287 (copy is included as Attachment #7).

Attachments:

1. [Vicinity Map and Map of Proposed Sphere Amendment \(Reduction to Zero\)](#)
2. [Application and Supplement Form](#)
3. [LAFCO Resolution 3190](#)
4. [CSA 120 Status Report, June 13, 2018](#)
5. [City of Rancho Cucamonga's Response Letter Dated February 25, 2019](#)
6. [Letter from Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates](#)
7. [Draft LAFCO Resolution No. 3287](#)