

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West 3rd Street, Unit 150 San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : SEPTEMBER 9, 2020 
FROM: MICHAEL TUERPE, Senior Analyst
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM 11: Update on Sustainability of the City of Adelanto, related to LAFCO 3232 - Sphere of Influence Amendment for the City of Adelanto

RECOMMENDATION:

Staff recommends that the Commission:

1. Receive and file this report.
2. Schedule an update for the City for the January 2021 meeting, unless otherwise directed by the Commission.

BACKGROUND:

As an outgrowth from LAFCO's 2017 Countywide Service Review for Water (LAFCO 3187) and its 2018 Countywide Service Review for Wastewater (LAFCO 3190), the Commission initiated a sphere of influence amendment for the City of Adelanto ("City") to determine the appropriate sphere of influence for the City.

At its April 2019 hearing, the Commission reduced the sphere for the City of Adelanto by approximately 8.4 square miles, and directed staff to return with periodic updates on the City's sustainability. The updates to the Commission were at its January 2020 and April 2020 meetings.

At the January meeting, the Commission directed staff to provide a more detailed staff report and presentation on the City's finances to include the deficiencies and weaknesses outlined in the audits. At the April meeting, the City presented information on its audit completions, internal controls, financial position, and financial stability measures. For the next update, this staff report, the Commission directed the City to return with a presentation to include:

- The current cash balances of the major funds.
- Update on lawsuits.
- The City's plan should the proposed financial stability measures not occur.

SEPTEMBER 2020 UPDATE:

For this update, at the meeting the City will present an update on the status of audit completions, financial position, update on lawsuits, and financial stability measures. The City's presentation was not available by publication of this staff report. Therefore, staff will provide a copy of the presentation to the Commission when received as well as make it available on the agenda page for this month's meeting.

Before the pandemic, it was staff's position that the City was making strides to come into compliance, and that continued monitoring was warranted. At the April update, the Commission and staff expressed immediate concerns regarding the City's sustainability. Therefore, it is hoped that a frank presentation and discussion results in a good understanding of the City's financial position and sustainability.

At this time, staff recommends that the Commission schedule another update for the City for the January 2021 LAFCO hearing. Staff also reminds the Commission that it can initiate a focused service review for the City at any time.

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