

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

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DATE: AUGUST 6, 2004
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: **Agenda Item #10** – LAFCO 2932: Service Review and Sphere Of Influence Update for the Yucaipa Valley Water District

INITIATED BY:

San Bernardino Local Agency Formation Commission

RECOMMENDATION:

1. Determine that LAFCO 2932 is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption within five days;
2. Make findings related to a service review required by Government Code Section 56430 and determine that the sphere of influence for the Yucaipa Valley Water District should be amended as follows:
 - a. Expand the District's sphere of influence along its western, northwestern, and northern boundaries to correspond to the sphere of influence assignment for the City of Yucaipa;
 - b. Reduce the District's sphere of influence within the Crafton Hills to correspond to the City of Yucaipa sphere of influence, excluding territory currently within the City of Redlands sphere of influence; and,
 - c. Confirm the balance of the existing sphere of influence assignment for the District.

3. Adopt LAFCO Resolution #2839 setting forth the Commission's findings and determinations on this issue.

BACKGROUND INFORMATION:

This proposal was initiated by the Local Agency Formation Commission on January 15, 2003, in response to state mandates requiring service reviews and sphere of influence updates for all cities and special districts on a rotating five-year schedule. The service review and sphere update for the Yucaipa Valley Water District addressed in this staff report are related to its service area within San Bernardino County.

LAFCO 2932, in general, is a routine service review and sphere of influence update for the Yucaipa Valley Water District (hereinafter YVWD). Included as Attachment #1 are maps which identify the location, boundaries and the proposed sphere of influence for YVWD within San Bernardino County. Attachment #2 is an outline of the Commission's policies and guidelines for review of spheres of influence. Attachment #3 to this report is a District Summary Profile Sheet and the response provided by the YVWD to the LAFCO survey of the factors required by Government Code Section 56430 for a service review. Attachment #4 is an outline of what a County Water District can perform and its general government structure.

LAFCO staff and the staff of the YVWD have met on two occasions to discuss the implications of the Commission's community-by-community approach to the sphere of influence determination for the District. The Commission's policy directs that it review the family of agencies serving a defined community and during this review the defined communities to be addressed are Yucaipa and Oak Glen. LAFCO staff has reviewed these communities with the following findings:

- a. The Yucaipa community is generally accepted to be defined by the corporate limits of the City of Yucaipa.
- b. The Oak Glen community is generally identified as the County Service Area 63 boundary, but that definition does not include the whole of the developed area.

The sphere of influence for this agency does not, therefore, easily lend itself to the Commission's philosophy of a community-by-community approach. Staff reviewed these community definitions with District staff who have indicated that the community of Oak Glen has expressed no interest in the expansion of

the District's sphere to serve a larger portion of the community. Therefore, in this case, the staff has addressed the major community for this District, the community of Yucaipa, and the sphere of influence update and service review propose the following changes for the YVWD sphere of influence related to that community:

1. A minor change to its sphere of influence to include the area that is within the City of Yucaipa and/or its sphere of influence along the Crafton Hills ridgelines. This amendment includes the expansion to include the area of the Crafton Hills College. The territory of the Crafton Hills College is not included within the sphere of influence of a water and sewer provider. However, the campus currently receives its water and sewer service from the City of Redlands (who has served this campus since its construction). The campus was included within the City of Yucaipa at the time of its incorporation since its community association was Yucaipa and the family donating the land for the campus was associated with Yucaipa.
2. A minor sphere change to include the City of Yucaipa sphere of influence area to the north, including the area surrounding the intersection of Bryant Street and Highway 138.
3. The YVWD sphere of influence should be amended to exclude the territory within the City of Redlands sphere of influence along the slopes draining toward the Crafton/Mentone communities.
4. Affirmation of the balance of the District's sphere of influence.

The District indicates that it does not anticipate submission of any other sphere of influence amendments within San Bernardino County within the next five years.

SERVICE REVIEW:

The YVWD is an independent special district formed under the provisions of County Water District Law, Water Code Sections 30000 through 33900. YVWD has service territory within both San Bernardino and Riverside Counties, primarily serving the City of Yucaipa within San Bernardino County and the City of Calimesa within Riverside County. San Bernardino LAFCO is the principal county for the YVWD for jurisdictional changes since the majority of the District's assessed value is within San Bernardino County. However, sphere of influence determinations are made by each affected LAFCO for their county territory. In the present review, the sphere of

influence update relates to the area of the District within San Bernardino County. Riverside LAFCO is in the process of addressing a municipal service review for water service within this region of their County.

The report prepared by the YVWD (included as a part of Attachment #3) is comprehensive in its review of the factors required by Government Code Section 56430 and will not be reiterated in this report.

A summary of the major points of consideration within the response provided by YVWD is outlined as follows:

1. Infrastructure Needs and Deficiencies – The District can meet current demand and meet anticipated future demand with the construction of key facilities and the upgrading of existing facilities as identified in its Water Master Plan and Capital Improvement Plan.
2. Financial Constraints and Opportunities – The District is in sound financial condition with relatively limited long-term debt and significant reserves.
3. Cost Avoidance Opportunities and Shared Facilities Opportunities – The District strives to identify ways to share facilities and resources with other local agencies. The District participates in the Yucaipa Valley Joint Issues Committee with the City of Yucaipa, City of Calimesa, and the Yucaipa-Calimesa Joint Unified School District.
4. Government Structure Options – The District was formed in 1971 (LAFCO 970) and has operated successfully for more than 30 years. The District has indicated that even though it is a governmental agency, it uses a business model approach to the day-to-day operations to prioritize financial and personnel resources.
5. Local Accountability and Governance – The District is governed by a five-member Board of Directors, elected from within divisions. The District conducts its business at regularly scheduled meetings at its administrative facilities open to the public.
6. When Special Districts were seated on the San Bernardino LAFCO in 1976, the listing of services and functions was prepared, as required by law, acknowledging the services actively provided by the special districts at that time. Through this process, YVWD is currently authorized the active services and functions as follows:

SERVICE	FUNCTIONS
Water	Retail, agricultural, domestic, replenishment, wholesale, recycled
Sewer	Sewage collection, treatment, wastewater reclamation

Latent powers are those powers authorized to a special district through its principal act, but which are not being actively provided. According to the YVWD’s principal act, the County Water District Law (Water Code Sections 30000 to 33900), the latent powers of the District are:

SERVICE	FUNCTIONS
Electrical Power Supply	Generate and sell electric power supplied in connection with a water or water conservation project
Fire Protection	All functions of a Fire Protection District (except it cannot perform the function within an existing agency with fire protection services)
Park and Recreation	Acquire, construct, maintain and operate facilities appropriate or ancillary to the recreational use of water within the District
Sanitation	Acquire, construct and operate facilities for the collection and disposal of garbage, waste or trash, or contract with others for this service
Drainage	Drainage and reclaiming lands within the District

At this time none of the adjacent or overlaying agencies have identified any concerns with the existing sphere of influence, or the proposed expansion areas, for the Yucaipa Valley Water District. However, it should be noted that the City of Redlands currently provides water and sewer service to the Crafton Hills College campus and would continue to do so following this sphere of influence expansion. The expansion of the sphere of influence will allow for future discussion regarding the consolidation of service within the defined Redlands and Yucaipa communities.

In addressing this service review with the District, staff has reviewed the question that the YVWD not only serves within two counties; it serves within two state water contractors – San Bernardino Valley Municipal Water District (SBVMWD) and the San Gorgonio Pass Water Agency (SGPWA). As the Commission will recall, the question of the delivery of water between state contractors has serious consequences. During the review of the West Valley Water District (WVWD), a four-party agreement was required since the WVWD extracted water within the SBVMWD service area and was to deliver it within

the service area of the Metropolitan Water District, a situation prohibited by the terms of their state contracts. A copy of the agreement signed by the WVWD, SBVMWD, Inland Empire Utilities Agency, and Metropolitan Water District of Southern California is included as Attachment #5 to this report. Since it is understood that the same situation exists between the SBVMWD and SGPWA, staff is recommending that the agencies review the possibility of addressing the exchange of water through the same type of agreement format.

CONCLUSION:

Based on the information outlined above and the response from the YVWD, staff recommends that the Commission: (1) expand the sphere of influence as identified to include the areas of the City of Yucaipa boundaries and sphere along the Crafton Hills ridgeline, including the Crafton Hills College campus; (2) expand the sphere of influence to include the area generally at the intersection of Highway 138 and Bryant Street within the City of Yucaipa sphere of influence; (3) reduce the District's sphere of influence to exclude the territory currently a part of the City of Redlands sphere of influence; and (4) uphold and affirm the balance of the sphere of influence for the District within San Bernardino County. Staff recommends that the Commission adopt Resolution #2839 setting forth written responses to the statutory factors related to service reviews and sphere of influence studies.

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Attachments:

1. Maps of the Existing Sphere of Influence and Proposed Sphere of Influence for the Yucaipa Valley Water District
2. Commission Policy Regarding Sphere of Influence Determinations
3. Summary District Profile Sheet and Survey Response from the Yucaipa Valley Water District
4. Outline of County Water Districts
5. Four-Party Agreement with WVWD, SBVMWD, Inland Empire Utilities Agency and Metropolitan Water District
6. Response from Tom Dodson and Associates
7. Draft Resolution #2839