

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

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**DATE:** NOVEMBER 7, 2003  
**FROM:** KATHLEEN ROLLINGS-McDONALD, Acting Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT: Agenda Item #5:** LAFCO 2946—City of Fontana Annexation  
No. 154

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**INITIATED BY:**

City Council Resolution, City of Fontana

**RECOMMENDATION:**

1. Certify that the Commission has reviewed and considered the City's environmental assessment for this proposal, take the actions identified in the staff report, and direct the Clerk to file a Notice of Determination within five days;
2. Approve LAFCO 2946, with the standard conditions of approval and the following supplemental condition:

Upon completion of the annexation, transfer responsibility for payment of Streetlighting charges for the poles identified by Southern California Edison as #4233122E (Raymond Court), 4131409E (Williams Road and Raymond Court), 4131410E (Williams Road between Raymond Court and Shamrock Street), and 4233121E (Maple Avenue between Shamrock Street and Raymond Court) from the County of San Bernardino, County Service Area SL-1, to the City of Fontana; and,

3. Adopt LAFCO Resolution #2790, setting forth the Commission's findings, determinations, and standard conditions of approval.

**BACKGROUND INFORMATION:**

LAFCO 2946 is a proposal to annex approximately 20 acres to the City of Fontana, initiated by resolution of the City Council. The study area is generally located north of Miller Avenue, west of Maple Avenue (existing City of Rialto boundary) and south and east of parcel lines that form the City of Fontana boundary. The area is within the City of Fontana's eastern sphere of influence. Attachment #1 includes maps of the area under consideration.

The study area is currently a combination of vacant land, scattered residential and a 36-lot subdivision. Surrounding land uses include vacant and residential uses to the south both within the unincorporated area and the recently annexed area of LAFCO 2943. Land uses to the east, west and north are a combination of single-family residential and vacant lands within the City of Fontana and/or the City of Rialto. As viewed on the attached maps, the annexation as presented would fill in an area bounded on three sides by City boundaries.

The City of Fontana has pre-zoned the study area (Zone Change #03-006) and has approved a Tentative Tract Map (#03-007) for single-family residential uses. The land use designation for the annexation site is Residential –R-1 designation (allowing for a minimum 7,200 square foot lot size). This designation is consistent with the City General Plan for the study area which is R-SF (single-family residential). As noted above, a part of the City's land use approval was the processing of a Tentative Tract Map (Tentative Tract 16518) allowing for the development of 32-lots on 8.33 acres. It has been noted that construction of the 32 single-family residential units within the study area will commence in the near term, and City services will be immediately available upon annexation.

The City of Fontana has submitted a plan for the extension of municipal services as required by law, and that Plan is attached to this report for Commission review. The Plan in general identifies the following:

- Sewage collection services can be readily extended into the annexation area, and has been extended to the existing 36-lot subdivision development within the County. The 36-lot existing subdivision has irrevocable agreements to annex recorded against the parcels for the receipt of service from the City. In addition, these residents pay 1 ½ times the in-city rate (approximately \$22.59 per month -- \$271.08 per year). Annexation to the City of Fontana will reduce this monthly rate to \$15.06 per month (\$180.72 per year) – a savings of slightly more than \$90 per year.

Sewer service is required for the new residential development proposed within the southern portion of the annexation. Sewer facilities will be extended at property owner expense to the tentative tract from existing sewer lines located in Locust Avenue. The City of Fontana will be responsible for wastewater collection and treatment will be provided by the Inland Empire Utilities Agency at the Regional Plant No. 1 located in Ontario.

- Water service will be provided by the Fontana Water Company. The area is within the certificated service area assigned by the PUC for this entity. Water facilities will be extended to the proposed residential development at property owner expense.
- Fire protection and paramedic services are currently provided by the Central Valley Fire Protection District, which will continue to serve the site following annexation. The County Fire Agency has indicated its concern on the potential loss of revenues attributable to County Service Area 70.
- Law enforcement responsibilities will shift from the County Sheriff's Department, to the City of Fontana. The City indicates that its police department has sufficient personnel and equipment to immediately extend service to the study area.
- Refuse collection is currently provided within the City through Burrtec Waste Industries through exclusive contract. If the existing residents within the developed portion of the annexation area receive their service from a company other than Burrtec, there is a five-year window for change.
- The only financial effect to the future residents of the area would a 5% utility tax levied by the City of Fontana on all utility services. In June 2001, the City of Fontana reduced the Utility User Tax for electricity to 4%. The City provides exemption or reduction procedures for low-income and senior citizen households. The utility tax will expire for residential uses in June 2004, so it may not apply to the proposed 32-lot subdivision.
- The County Special Districts Department has identified existing streetlights which are maintained and operated through CSA SL-1 within the study area. As a function of this review, CSA SL-1 will be detached from the area and its share of the 1% general levy

transferred to the City of Fontana. Staff has reviewed the question of the provision of this service with City of Fontana staff who have indicated that the City provides its streetlighting services through one of two methods. For currently developed areas, payment by the City is from existing gas tax revenues. For areas proposed for new development, the costs are funded through the annexation to an existing, or creation of a, Landscape Maintenance District or Community Facilities District. The Plan for Services submitted with this application indicates the installation and development of needed infrastructure and the payment of maintenance and operation costs for streetlighting, landscaping, parks, parkways, and the removal or cover of graffiti will be funded through a Community Facilities District. In order to accommodate the transfer of responsibility for these existing streetlighting facilities, the staff has included a condition of approval that will transfer maintenance and operation of these streetlighting facilities to the City of Fontana upon completion of the annexation.

The County has concluded the property tax negotiations required by Section 99 of the Revenue and Taxation Code with the City of Fontana for this application under its newly adopted property tax policy (copy of Board Agenda Item included as Attachment #4). The staff has requested clarification of this policy from the County Administrative Office due to questions on the implementation practices employed. This clarification has been requested based on the following:

- On October 21, 2003, the County adopted a policy declaration that stated: “Approve an amendment to County Policy on property tax transfers for annexations to provide that for future annexation of all incorporated cities, cities shall receive a minimum of 7% of the property tax revenue collected from the annexed area”.
- Under the negotiations concluded for LAFCO 2946, the City of Fontana will receive 5.56% of the property tax revenues within the annexed area. The current property tax exchange distribution would allocate \$3,338 to the City of Fontana; while the 7% calculation would allocate \$4,199 (a difference of \$861).

As of the date that the staff report was prepared for distribution, a response from the County Administrative Office had not been received. Staff will provide additional information at the hearing on this issue, if available.

The City of Fontana has conducted the environmental assessment for Tentative Tract 16518 and the annexation of the 20-acre study area. The assessment has been reviewed by the Commission's environmental consultant, Tom Dodson and Associates. Mr. Dodson has determined that the City documents are adequate for Commission use, and his response is attached to this staff report. Mr. Dodson has indicated that the necessary environmental actions to be taken by the Commission, as a responsible agency under CEQA, are as follows:

- a. Indicate that the Commission has reviewed and considered the environmental assessment and Negative Declaration certified by the City of Fontana;
- b. Determine that these environmental documents are adequate for the Commission's use in making its decision related to the annexation;
- c. Determine that the Commission does not intend to adopt alternatives for this project, and that no mitigation is required by the City of Fontana as identified in the Negative Declaration and Notice of Determination; and,
- d. Direct the Clerk to file a Notice of Determination within five days.

**FINDINGS:**

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

1. State law indicates that an area containing 12 or more registered voters is "legally inhabited." The Registrar of Voters Office has determined that the study area is legally inhabited, containing 42 registered voters, as of October 28, 2003.
2. The County Assessor has determined that the total assessed value of the study area is \$5,998,428 (\$1,500,859 – land and \$4,497,569 – improvements).
3. Commission review of this proposal has been advertised in *The Sun*, a newspaper of general circulation and the *Fontana Herald News*, a local newspaper, within the study area.

4. LAFCO staff has also provided an individual notice to the landowners and registered voters within the annexation area and to landowners and voters surrounding the study area in accordance with state law and adopted Commission policies.
5. The City of Fontana has pre-zoned the study area for single-family residential uses (R-1). This zoning designation conforms to the adopted General Plan for the City of Fontana, and is consistent with surrounding land uses.
6. As a function of its review of Tentative Tract 16518 and Pre-zoning #03-006, the City of Fontana acted as the lead agency for the environmental assessment for the annexation proposal. The Commission's environmental consultant, Tom Dodson and Associates, has reviewed the City of Fontana's Initial Study and Negative Declaration and determined that they are adequate for the Commission's review of the proposed annexation as a responsible agency. A copy of the City's environmental assessment and Mr. Dodson's response are attached for the Commission's review. The necessary actions to be taken by the Commission, as a responsible agency under CEQA, are listed in the narrative section of this report.
7. The area in question is presently served by the following local agencies:

County of San Bernardino  
Metropolitan Water District of Southern California  
Inland Empire West Resource Conservation District  
Inland Empire Utilities Agency and its Improvement District C  
Central Valley Fire Protection District  
County Service Area SL-1 (Streetlighting)  
County Service Area 70 (multi-function unincorporated area  
Countywide)

Detachment of CSA SL-1 and CSA 70 will automatically occur upon successful completion of this proposal. Transfer of the obligations for maintenance and operation of the streetlights in the area is a condition of approval. None of the other agencies are affected by this proposal.

8. The City of Fontana has submitted a plan for the extension of municipal services to the study area, as required by law. This plan is attached for Commission review, and indicates that the City can

maintain and improve the level and range of services currently available in the area.

9. The annexation proposal complies with Commission policies that indicate the preference for areas proposed for development at an urban-level land use to be included within a City so that the full range of municipal services can be planned, funded, extended and maintained.
10. The undeveloped portion of the study area can benefit from the availability and extension of municipal services from the City of Fontana. The developed subdivision within the northern portion of the annexation has benefited from the receipt of sewage collection services through the City.
11. This proposal will assist the City's ability to achieve its fair share of the regional housing needs upon development of the residential project anticipated – Tentative Tract 16518 for 32 lots.
12. To date, no comments or protests to this proposal have been received from area landowners or registered voters.
13. The County of San Bernardino and the City of Fontana have successfully negotiated a transfer of property tax revenues that will be implemented upon completion of this annexation. This fulfills the requirements of Section 99 of the Revenue and Taxation Code.
14. The map and legal description, as revised, are in substantial compliance with LAFCO and state standards through certification by the County Surveyor's Office.

## **CONCLUSION**

The City of Fontana has proposed the annexation of an area bounded on three sides by the corporate limits of a City. The proposal presented by the City has addressed the Commission's expressions of concern regarding "sawtooth" annexations. The City addressed this concern by working with the landowners and residents within the entire unincorporated area north of Miller Avenue.

The staff supports the City's proposal on the basis that the developed area, which is already connected to the City's sewer facilities, has benefited from City services and will benefit from the clarification of City boundaries in this

area for the full range of municipal services. The area proposed for development will benefit from the full-range of City municipal services. Therefore, it is the staff's recommendation that the Commission approve this proposal with the condition that County Service Area SL-1 maintained and operated facilities in the area be transferred to the City of Fontana.

Attachments:

1. Maps of Annexation Area
2. City Application and Plan for Services
3. Responses from County Special Districts and County Fire
4. County Board Agenda Item for Property Tax Transfer
5. Response from Tom Dodson and Associates and City Environmental Documents
6. Draft Resolution #2790