

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

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

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**SUBJECT:** **Agenda Item #5** – LAFCO 2934 -- Service Review and Sphere Of Influence Update for County Service Area 63 (Oak Glen)

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**INITIATED BY:**

San Bernardino Local Agency Formation Commission

**RECOMMENDATION:**

1. Determine that LAFCO 2934 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 County Service Area 63 should be amended as follows:
  - a. Expand the District's sphere of influence along eastern and northeastern boundaries to correspond to the boundaries and service area of County Service Area 38 Improvement Zone M (fire protection and paramedic provider) and generally correspond to the Oak Glen Community Plan area;
  - b. Reduce the District's sphere of influence within the area of the Crafton Hills and the area to the north of the City of Yucaipa generally at the intersection of Bryant Street and Highway 138, to exclude this area not currently served nor anticipated to receive service from the District; and,
  - c. Confirm the balance of the existing sphere of influence assignment for the District.

3. Adopt LAFCO Resolution #2850 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 original hearing on this service review/sphere of influence update was scheduled for August 18, 2004, but continued to allow for a more detailed review of the boundaries proposed for County Service Area 63 (hereinafter CSA 63).

LAFCO 2934, in general, is a routine service review and sphere of influence update. Attachments to this staff report include: #1 -- maps which identify the location, boundaries and the proposed sphere of influence for CSA 63; #2 -- District Summary Profile Sheet and the response provided by the County Special Districts Department to the LAFCO survey of the factors required by Government Code Section 56430 for a service review; and #3 -- an outline of what services a County Service Area can perform and its general government structure.

**HISTORY OF CSA 63:**

In order to proceed with the service review/sphere of influence update for CSA 63, a brief history of this agency is in order. CSA 63 was originally formed in 1967 as a mechanism to provide for the maintenance of a regional park within the oak-covered canyon areas of Wildwood Canyon. However, some time during the period from 1967 to 1973, the service provision authorized CSA 63 was changed to include water acquisition and production, recreation and streetlighting within the approximately 300 acres of its service area within the eastern portion of the Yucaipa community.

In 1973, the Yucaipa community came under a building moratorium imposed by the Santa Ana Regional Water Quality Control Board due to groundwater contamination questions and the decision was made to require a sewage treatment plant and sewage collection system for the area. No new water connections were allowed until a mechanism addressing the groundwater contamination issue could be reviewed and approved by the Santa Ana Regional Water Quality Control Board. Several options were considered during this period, one being the expansion of CSA 63 to include the whole of the Yucaipa area and authorize it to be the agency to provide the regional sewage collection system. The expansion of CSA 63's boundaries was reviewed and approved by LAFCO (LAFCO 1404) and completed in 1973. An expansion of the services authorized the District was also completed during this time period to include sanitation and sewer service in addition to its other services.

However, the use of a County Service Area to fund and administer the sewage collection system met with great opposition from within the community, and ultimately the choice for providing this service was assigned to the Yucaipa Valley Water District, and the funding mechanism was defined as “Assessment District 20” administered by the Water District. While the entity managing this service changed, the boundaries of CSA 63 remained overlaying the whole of the larger Yucaipa community. So for a number of years, CSA 63 administered its limited services and received a share of the ad valorem taxes to provide its range of services.

In 1976 when LAFCO became responsible for the review of the services authorized to be provided by Special Districts, the range of services actively provided was defined as: sanitation and sewer service.

In 1979, following the passage of Prop. 13, CSA 63’s share of the ad valorem tax was made permanent based on its prior year tax rate; and, in 1980, a proposal was presented to LAFCO to expand the powers authorized to be provided by CSA 63 to include streetlighting, road maintenance, park and recreation, and fire protection services to more effectively utilize this source of revenue. LAFCO’s response to this proposal was that there already existed a number of agencies within the Yucaipa community providing these services, such as the Yucaipa Valley Park and Recreation District, CSA 31, CSA 31A, and CSA SL-1 providing streetlighting services, so the overlay of another agency with the same service capabilities was inappropriate. LAFCO 2037 became a reorganization of the service providers in the Yucaipa community and included the dissolution of the Yucaipa Valley Park and Recreation District, CSA 31 and CSA 31A, and detachment from CSA SL-1. Fire protection was removed from the consideration due to its regional status. This action made CSA 63, along with the Yucaipa Valley Water District, the primary service providers within the Yucaipa community.

In 1989, the City of Yucaipa incorporated and its area was detached from the boundaries of CSA 63. The property tax transfer process in effect at the time transferred the “cost of services” provided by CSA 63 within the area of incorporation to the new City and retained the balance of the revenues within the residual boundaries of CSA 63, now including territory within the unincorporated Crafton Hills and the community of Oak Glen. Minor detachments have occurred to this agency through the years as the City of Redlands and City of Yucaipa have processed annexations within their territory, but no major review of this agency has occurred in the interim.

## **SERVICE REVIEW**

Following the initiation of the East Valley Service Reviews, LAFCO staff and the staff of the County Special Districts Department have met on two occasions to discuss this state mandated review and sphere update. During the initial discussions, County Special District staff indicated that the services currently

provided through CSA 63 were restricted to the area of Oak Glen and the sphere of influence of the agency should address that community. One difficulty encountered, however, was that there were no maps available of the boundaries of the agency and its sphere of influence.

In order to address this review, the first priority was to establish a map of the existing District boundaries and sphere of influence. In developing this map, LAFCO staff has employed the same procedure as was used in the digitizing of independent special district maps, to first outline the Tax Rate Areas within the boundaries of the agency through review with the County Auditor/Controller Property Tax Division and Assessor's office, use the Tax Rate Area maps to outline the service boundary and finally, based upon that review, a map of the boundaries of the District has been prepared by the County ISD Gims Division.

Following the development of the map, an additional meeting with Special Districts staff was conducted to review the boundary as outlined. This review of the community of interest for CSA 63 with County staff has determined that for a number of years this agency has served the Oak Glen Community. The community-by-community approach employed by San Bernardino LAFCO, therefore, points toward the sphere of influence and boundaries of CSA 63 ultimately addressing that community only. Therefore, the staff has addressed this major community for this District and proposes the following changes for the CSA 63 sphere of influence related to that community:

1. A change to its sphere of influence to include the area within the Oak Glen community, as generally defined by the boundaries of County Service Area 38 Improvement Zone M and the Oak Glen Community Plan.
2. A sphere change to exclude the territory within the Crafton Hills and territory located north of the City of Yucaipa, generally at the intersection of Bryant Street and Highway 138.
3. Affirmation of the balance of the District's sphere of influence.

The County Special Districts staff has indicated that it does not anticipate submission of any other sphere of influence amendments within the next five years.

An additional element of this review and preparation of the map for CSA 63 also determined that a number of errors have occurred through the years in defining this agency's current boundaries for taxation purposes. Specifically, the review of Tax Rate Area maps shows that the agency exists within the boundaries of the City of Yucaipa and the City of Redlands. The County Auditor/Controller's office Property Tax Division has confirmed that there are four Tax Rates Areas within CSA 63 that are a part of a city.

Government Code Section 25210.90 requires that in any city annexation, a county service area is automatically detached unless a specific condition of approval retains the overlay of the agency. This was not the case in either of the cities. In 1991, the City of Yucaipa incorporated and detachment of CSA 63 was included at that time; therefore, Tax Rate Areas 22060 and 22064 should be removed from this agency. In addition, in 1992, LAFCO 2572, an annexation to the City of Redlands of its southern sphere of influence, was completed and detachment of CSA 63 was included at that time. Tax Rate Areas 5053 and 5055 should be removed from this agency.

This correction is not a problem for three out of the four Tax Rate Areas identified since they are included in roadways and do not have a monetary value assigned to them. However, that is not the case for Tax Rate Area 5053; it has a current value of \$4,247,701 in 2003 and provided revenues of \$3,183 to CSA 63. Included as Attachment #4 to this report is a copy of the spreadsheet provided by the County Auditor/Controller showing the revenues provided to CSA 63 through this inadvertent error from 1992 forward totaling \$57,593 through 2003, as well as a map of the Tax Rate Area. LAFCO staff will work with the State Board of Equalization, the County Assessor's office and County Auditor/Controller to correct the boundary definitions. In addition, the correction of revenues should be dealt with between the County Special Districts Department and the City of Redlands to allow for repayment of these revenues received in error.

#### **FINDINGS AND DETERMINATIONS:**

CSA 63 is a dependent special district formed under the provisions of County Service Area Law, Government Code Sections 25210.1 through 25211.33. The report prepared by the County Special Districts staff is included as a part of Attachment #2 and identifies that this agency has actively provided park and recreation services to the Oak Glen community and does not utilize the balance of its authorized services. A summary of the major points of consideration within the response provided by the County is outlined as follows:

1. Infrastructure Needs and Deficiencies – The District can meet current demand and has capital improvements in process at this time. There are no master plans for the provision of park and recreation services by this agency.
2. Financial Constraints and Opportunities – The District is in sound financial condition with a significant fund balance, identified in the FY 03/04 budget as \$805,470. Annual property tax revenues are \$73,701.
3. Cost Avoidance Opportunities and Shared Facilities Opportunities – The District is the only agency in the Oak Glen area providing recreation services. There is no opportunity for joint agency practices.

4. Government Structure Options – The District was formed in 1967 originally to provide sanitation and sewer service within the Wildwood Canyon area. It has evolved over the years as identified in the history of the agency outlined above and the residents of the Oak Glen community wish to retain their separate identity.
5. Local Accountability and Governance – The District is governed by the County Board of Supervisors, and has a locally-appointed Advisory Commission. This advisory body is required to meet once annually and complies with the Brown Act.
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, CSA 63 is currently authorized the active services and functions as follows:

SERVICE	FUNCTIONS
Sanitation	Sanitation
Streetlighting	Streetlighting
Park and Recreation	Park and Recreation
Roads	Street maintenance, signs, improvements, curbs, gutters
Disaster Preparedness	Prepare and store emergency supplies, planning (activated 8/12/83)

Latent powers are those powers authorized to a special district through its principal act, but which are not being actively provided. According to CSA 63’s principal act, the County Service Area Law (Government Code Section 25210.10 et seq.), the latent powers of the District include, but are not limited to, the following:

SERVICE	FUNCTIONS
Fire Protection	All functions of a Fire Protection District (except it cannot perform the function within an existing agency with fire protection services)
Extended Police Protection	
Television Translator	Facilities and services with certain limitations
Flood or Inundation Protection Services	Special provisions applicable to San Bernardino County only – allows for the construction of dam facilities to protect the public health and safety
Miscellaneous Extended Services	Any other governmental service that the County is authorized by law to perform and which it does not also perform to the same extent on a county-wide basis both within and outside City boundaries. Examples include, but are not limited to, water service, sewer service,

	ambulance service, street and highway lighting
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At this time none of the adjacent or overlaying agencies have identified any concerns with the existing sphere of influence, or the proposed expansion and reduction of the sphere of influence for CSA 63.

**CONCLUSION:**

Based on the information outlined above and the response provided by the County Special Districts Department, staff recommends that the Commission: (1) expand the sphere of influence of CSA 63 within the community of Oak Glen to correspond generally with those areas identified for Rural Residential and commercial development within the general area of CSA 38 Improvement Zone M and the Oak Glen Community Plan; (2) reduce the sphere of influence within the area of the Crafton Hills and the area northerly of the City of Yucaipa, generally at the intersection of Bryant Street and Highway 138, as no services are provided these areas, nor are they planned to be provided through CSA 63; and (3) uphold and affirm the balance of the sphere of influence for the District. Staff recommends that the Commission adopt Resolution #2850 setting forth written responses to the statutory factors related to service reviews and sphere of influence studies.

KRM/

Attachments:

1. Maps of the Existing Sphere of Influence and Proposed Sphere of Influence for County Service Area 63
2. Summary District Profile Sheet and Survey Response from the County Office of Special Districts
3. Outline of County Service Areas
4. Maps of Tax Rate Areas 22060, 22064, 5053 and 5055, and Spreadsheet of Revenues Provided CSA 63 from TRA 5053
5. Response from Tom Dodson and Associates
6. Draft Resolution #2850