

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF FEBRUARY 15, 2006**

REGULAR MEETING

9:00 A.M.

FEBRUARY 15, 2006

PRESENT:

COMMISSIONERS:	Paul Biane, Chairman	Paul J. Luellig Jr., Alternate
	Bob Colven, Vice Chairman	Richard P. Pearson
	Kimberly Cox	A.R. "Tony" Sedano, Alternate
	Josie Gonzales, Alternate	Diane Williams

STAFF:

Kathleen Rollings-McDonald, Executive Officer
Clark H. Alsop, Legal Counsel
Jeffrey Goldfarb, Special Legal Counsel
Samuel Martinez, LAFCO Analyst
Michael Tuerpe, LAFCO Analyst
Debby Chamberlin, Clerk to the Commission

ABSENT:

COMMISSIONERS:

James V. Curatalo, Alternate
Dennis Hansberger
Mark Nuaimi

8:30 A.M. – CONVENE CLOSED SESSION OF THE LOCAL AGENCY FORMATION COMMISSION –
Conference Room, LAFCO Staff Office, 175 West Fifth Street, Second Floor, San Bernardino.
Personnel (Government Code Section 54957)
Employee Evaluation – Executive Officer
ADJOURN TO PUBLIC SESSION OF THE LOCAL AGENCY FORMATION COMMISSION – Civic
Center Hearing Chambers, 175 West Fifth Street, Second Floor, San Bernardino.

REGULAR SESSION - CALL TO ORDER – 9:10 A.M.

Chairman Biane calls the regular session of the Local Agency Formation Commission to order and he leads the flag salute.

Chairman Biane requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There are none.

Chairman Biane and Commissioners Gonzales and Williams announce they will abstain from voting on Item No. 8 due to conflicts.

Chairman Biane announces that Item No. 7 will be taken out of order so that Items Nos. 4, 5 and 7, which are all City of Redlands annexations, can be heard consecutively.

APPROVAL OF MINUTES FOR REGULAR MEETING OF JANUARY 18, 2006 – MINUTES
APPROVED

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Chairman Biane calls for any corrections, additions, or deletions to the minutes. There are none. Commissioner Colven moves approval of the minutes as presented, seconded by Commissioner Cox. Chairman Biane calls for a voice vote on the motion and it is as follows: Ayes: Biane, Colven, Cox, Luellig, Pearson, Williams. Noes: None. Abstain: Gonzales. Absent: Hansberger and Nuaimi (Luellig voting in his stead).

Executive Officer Kathleen Rollings-McDonald announces that LAFCO Analyst Samuel Martinez has a new daughter, Alexandra Victoria, born on February 9.

CONSENT ITEMS

LAFCO considers the items listed under its consent calendar, which Chairman Biane states consists of: (1) approval of the Executive Officer's expense report; and (2) approval of payments as reconciled for the month of January, 2006, and noting cash receipts. A Visa Justification for the Executive Officer's expense report and a staff report for the reconciled payments have been prepared and a copy of each is on file in the LAFCO office and is made a part of the record by reference herein. Staff recommendation is that the Commission approve the Executive Officer's expense report and payments as reconciled for the month of January and note the cash receipts.

Chairman Biane asks whether there is anyone present wishing to discuss any of the consent calendar items. There is no one.

Commissioner Pearson moves approval of the consent calendar, seconded by Commissioner Colven. Chairman Biane calls for any objections to the motion. There being none, the voice vote on the motion is as follows: Ayes: Biane, Colven, Cox, Gonzales, Luellig, Pearson, Williams. Noes: None. Abstain: None. Absent: Hansberger (Gonzales voting in his stead) and Nuaimi (Luellig voting in his stead).

Chairman Biane announces that no reportable action was taken in the Closed Session.

CONTINUED ITEMS:

CONTINUED FROM JANUARY 18, 2006 -- CONSIDERATION OF: (1) REVIEW OF MITIGATED NEGATIVE DECLARATION PREPARED BY CITY OF REDLANDS FOR TENTATIVE TRACT MAP NO. 16402, ZONE CHANGE NO. 391 AND ANNEXATION NO. 81, AS CEQA RESPONSIBLE AGENCY FOR LAFCO 2989; AND (2) LAFCO 2989 - CITY OF REDLANDS ANNEXATION NO. 81—APPROVE STAFF RECOMMENDATION

LAFCO conducts a continued public hearing to consider a proposal submitted by the City of Redlands (hereinafter "the City") to annex approximately 9.43 acres, generally bordered by Madeira Avenue on the north, parcel lines on the east, a combination of Cedar Lane and parcel lines on the south, and parcel lines on the west. The annexation area is within the City's eastern sphere of influence, within the community of Mentone. This hearing is continued from January 18, 2006. Notice of the original hearing on October 19, 2005, was advertised as required by law through publication in The Sun and Redlands Daily Facts, newspapers of general circulation in the area and individual mailed notice was provided to landowners and registered voters pursuant to State law and Commission policy. Individual mailed notice of this hearing was provided to affected and interested agencies, County departments and those individuals and agencies requesting mailed notice.

Executive Officer Kathleen Rollings-McDonald states that LAFCOs 2989 and 2990 have been continued since the October hearing due to issues regarding law enforcement and fire protection that would continue following the annexations as required by Measure U. Ms. McDonald says the two items were continued from the January hearing to today to allow for completion of a contractual relationship between the County and the City for the continuation of services. She shows an aerial map of the two areas and

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discusses their location. She says the issue regarding continued services related to making sure service was the same as for areas to the west, part of the County that was developed at the same intensity as the tract proposed for LAFCO 2989.

Ms. McDonald presents the staff report for LAFCO 2989, a copy of which is on file in the LAFCO office and is made a part of the record by reference herein. She says it has 100% property owner consent; is proposed for a subdivision of 27 single-family homes; and will mirror the development adjacent to it. She reports that LAFCO staff has participated in the discussions between the City and County and she says a letter signed by Norm Kanold, Assistant County Administrator, and John Davidson, Redlands City Manager, indicating agreements that law enforcement based upon response times is not an issue; she notes that the response times are generally equivalent and the City and County agree that law enforcement should transfer to the City. Regarding fire protection, she says there are some issues related to the continuing service through the County Fire Station located on Crafton Avenue. She says the County and City are requesting that the Commission approve this proposal with the condition that a contract be signed and she says they have indicated a "good faith" desire to have that done within 30-45 days. She notes this will be an automatic aid agreement and says the four current City of Redlands' applications on file, LAFCOs 2989 and 2990, LAFCO 3028 on the Agenda today, and LAFCO 3030, should all be approved pursuant to this agreement for fire protection to be provided by the County. She says the City and County will pursue a much larger contractual relationship to address thresholds for transition of service, funding issues and other matters.

Ms. McDonald says that staff recommendation is the same as it has been since the outset—that the Commission approve this annexation for the receipt of water and sewer from the City by Tract 16042 proposed for development. She points out that the staff recommendation includes a condition that the completion of this proposal be held pending the signing of the agreement between the City and the County, for a period not to exceed six months, and says that failure to submit the agreement within that period will terminate this annexation. She reports that water and sewer are required to serve the site to develop at the intensity approved by the City's General Plan. She says the staff recommendation is outlined on pages one and two of the staff report and includes that the Commission: (1) take the actions listed related to the environmental review; (2) approve LAFCO 2989 with the standard terms and conditions and the additional condition related to the receipt of the signed agreement for the continued provision of fire protection and paramedic services to the site from County Service Area 38's Station #9; (3) waive the protest proceedings with 100% landowner consent and concurrence from the City; and (4) adopt LAFCO Resolution No. 2899 setting forth the Commission's findings, determinations and conditions of approval.

Ms. McDonald reports that the Commission has been presented today with a letter from Supervisor Hansberger, who was unable to be here today, requesting that a change in position be considered. She says that since the response times for law enforcement are roughly equal, he is requesting that the County Sheriff continue to provide law enforcement services to this site. She says that has been reviewed with representatives of the City of Redlands and they are staying with the agreement attached to the staff report for the transition of law enforcement services to the City based upon equivalent response times. Ms. McDonald says that, given the agreements between the City and County and the statements that response times are relatively equal and favor the City for response into this area, LAFCO staff's recommendation remains that law enforcement services transition to the City. She says that the City representatives are present if there are any questions.

Commissioner Sedano says the report is self-explanatory; this is a "no brainer" and should be approved as submitted.

Chairman Biane agrees, stating that this is the third time this item has come before the Commission and says because of the efforts of the County and City to come up with this agreement, he feels that Supervisor Hansberger's request is too last minute. He notes that he has heard Supervisor Hansberger say they cannot hold people up forever. Ms. McDonald says these two projects have been held up for this agreement since October and says they now have an agreement signed in principle between the County and the City.

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Commissioner Pearson says that the information provided by Commissioner Hansberger was interesting to note but he says he does not see where it will affect the end result of what will be taking place. He says the Commission can acknowledge his concern, but he says giving six months to work this out should be more than enough time to bring things to a logical conclusion that will be satisfying to both parties, which it is at this point.

Commissioner Gonzales moves approval of staff recommendation, seconded by Commissioner Colven. Chairman Biane states he has no requests to speak and he closes the hearing. He calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Biane, Colven, Cox, Gonzales, Luellig, Pearson, Williams. Noes: None. Abstain: None. Absent: Hansberger (Gonzales voting in his stead) and Nuaimi (Luellig voting in his stead).

CONTINUED FROM JANUARY 18, 2006 -- CONSIDERATION OF: (1) REVIEW OF MITIGATED NEGATIVE DECLARATION PREPARED BY CITY OF REDLANDS FOR CONDITIONAL USE PERMIT NO. 818, ZONE CHANGE NO. 402 AND ANNEXATION NO. 83, AS CEQA RESPONSIBLE AGENCY FOR LAFCO 2990; (2) REVIEW OF ADDENDUM PREPARED BY LAFCO ENVIRONMENTAL CONSULTANT TO ADDRESS CALTRANS RIGHT-OF-WAY AREA AS CEQA LEAD AGENCY FOR LAFCO 2990; (3) REVIEW OF NEGATIVE DECLARATION PREPARED BY CITY OF REDLANDS FOR ZONE CHANGE NO. 424, AS CEQA RESPONSIBLE AGENCY FOR LAFCO 2990; AND (4) LAFCO 2990 - CITY OF REDLANDS ANNEXATION NO. 83 (AS EXPANDED) – APPROVE STAFF RECOMMENDATION

LAFCO conducts a continued public hearing to consider a proposal submitted by the City of Redlands (hereinafter “the City”), originally to annex approximately 6.42 acres, generally located at the northwest corner of the intersection of Mentone Boulevard and Amethyst Street. LAFCO 2990, as expanded by the Commission at the November 16 hearing, now encompasses approximately 20.56 acres located along the west side of Amethyst Street between Mentone Boulevard and Madeira Avenue. Notice of the January 18, 2006 hearing on the proposal as expanded was advertised as required by law through publication in The Sun and Redlands Daily Facts, newspapers of general circulation in the area. Individual mailed notice of the expanded proposal was provided to affected and interested agencies, County departments, those individuals and agencies requesting mailed notice and landowners and registered voters pursuant to State law and Commission policy.

LAFCO Analyst Samuel Martinez presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by reference herein. Mr. Martinez says this is a continued hearing for a proposal originally initiated by City Council resolution to annex 6.42+/- acres in response to the proposed development of a Church that requires water service from the City. He reports that two primary concerns regarding this proposal were expressed at the October 19, 2005 hearing: (1) the boundaries created a peninsula of unincorporated territory to the north of the site; and (2) the provision of fire protection and law enforcement services, due to the proximity to existing County service providers, did not appear to be more readily available from the City. He says the hearing was continued to November 16, at which time the Commission expanded the proposal to include the four parcels northerly of the original annexation boundary. He says the item was then continued to the January 18 hearing to allow for advertisement of the expansion area and for the City to pre-zone the expanded area and provide a new Plan for Service. He notes that prior to the January 18 hearing, a letter was received from the City and the County requesting that the item be continued to the February hearing pending finalizing the negotiations for an agreement for fire protection and law enforcement services to the area.

Mr. Martinez says the proposal as expanded now contains 20.56+/- acres and is surrounded by the City on the north and east. He discusses the current County land use designations for the expanded annexation area, as outlined in the staff report, which are R-S for approximately 10.5 acres and 7MRM for approximately 8 acres, noting that the balance of the acreage is included in the roadways. He says the City’s General Plan land use designation is Low Density Residential and says the City assigned the expanded annexation area a pre-zone land use designation of R-1. He reports that the City submitted a

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Plan for Service for the original and expanded annexation areas and summarizes the service issues, as outlined in the staff report. He says issues related to fire protection and law enforcement are the same issues as previously discussed for LAFCO 2989 and he says that the same condition of approval has been included for this proposal as was included for LAFCO 2989 regarding the completion being held in abeyance until receipt of the signed agreement between the City and County. He says that upon annexation, the two developed parcels with single-family residences will pay a paramedic tax assessment of approximately \$39.70 per year and that upon completion of construction, the Church will pay a charge of \$119.20 per year. He reports that no sewer services will be extended; that water service is currently being provided to the two existing single-family residences by the City; and that water service will be extended to the Church when developed. Mr. Martinez says the Plans for Service show that the extension of City services will maintain and/or exceed the current service levels provided through the County.

Mr. Martinez discusses the environmental review processes undertaken for this proposal, stating that the Commission's Environmental Consultant Tom Dodson of Tom Dodson and Associates has indicated that the City's original Initial Study and subsequent environmental assessment for the expanded area are adequate for the Commission's use in its consideration to address the environmental consequences for the expanded proposal. He indicates that Mr. Dodson prepared an Addendum to the City's original environmental assessment to address the Caltrans right-of-way along Mentone Boulevard and he says all these documents, taken together, are adequate for the Commission's use as a CEQA responsible agency.

Mr. Martinez says the original proposal was submitted in response to the proposed development of a Church which requires water service from the City, requiring annexation pursuant to the City's Measure U due to the property being contiguous to City boundaries. He says that in November, the Commission expanded the proposal to include four additional parcels to address a logical service boundary and eliminate the creation of a peninsula. He explains that if the Commission approves this annexation as expanded, the annexation will require a protest proceeding since it no longer has 100% landowner consent. He notes that the area is uninhabited and could only be terminated if protest is received from landowners owning 50% or more of the assessed value of land. He reports that, based on the chart provided at the bottom of page 10 of the staff report, there is at least two-thirds of the land value in support of annexation.

Mr. Martinez states that the staff recommendation is listed on pages one and two of the staff report and includes that the Commission: (1) take the actions listed related to the environmental review; (2) approve LAFCO 2990 with the standard terms and conditions and the additional condition related to the receipt of the signed agreement for the continued provision of fire protection and paramedic services to the site from County Service Area 38's Station #9; and (3) adopt LAFCO Resolution No. 2900 setting forth the Commission's findings, determinations and conditions of approval.

Commissioner Pearson states that both annexation areas discussed this morning are within two miles of the Redlands Airport. He asks why the environmental review document for this project does not reflect any special requirements, while the environment document for LAFCO 2989 has a requirement as far as mitigation that there be an avigation clause put in the deeds. Mr. Dodson says he thinks the reason that this does not require an avigation easement is because it is not located within any of the established safety zones. He says it probably is within the two mile radius but is not within any zone that would require that avigation clause.

Commissioner Pearson moves approval of staff recommendation, seconded by Commissioner Cox. Chairman Biane states he has no requests to speak and he closes the hearing. He calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Biane, Colven, Cox, Gonzales, Luellig, Pearson, Williams. Noes: None. Abstain: None. Absent: Hansberger (Gonzales voting in his stead) and Nuaimi (Luellig voting in his stead).

DISCUSSION ITEMS

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CONSIDERATION OF: (1) REVIEW OF NEGATIVE DECLARATION PREPARED BY CITY OF REDLANDS FOR GENERAL PLAN AMENDMENT NO. 106, ZONE CHANGE NO. 414, AGRICULTURAL PRESERVE REMOVAL NO. 111 AND ANNEXATION NO. 86, AS CEQA RESPONSIBLE AGENCY FOR LAFCO 3028; (2) REVIEW OF ADDENDUM PREPARED BY LAFCO ENVIRONMENTAL CONSULTANT TO ADDRESS INCLUSION OF RIGHT-OF-WAY AREAS AS CEQA LEAD AGENCY FOR LAFCO 3028; AND (3) LAFCO 3028—CITY OF REDLANDS ANNEXATION NO. 86 (JACINTO) – APPROVE STAFF RECOMMENDATION

LAFCO conducts a public hearing to consider annexation of approximately 17.5 acres to the City of Redlands (hereinafter “the City”) initiated by property owner petition. The annexation area is generally located at the northeast corner of Wabash and San Bernardino Avenues, within the City’s eastern sphere of influence, in the community of Mentone. Notice of this hearing has been advertised as required by law through publication in The Sun and Redlands Daily Facts, newspapers of general circulation in the area. Individual mailed notice was provided to affected and interested agencies, County departments, those individuals and agencies requesting mailed notice and landowners and registered voters pursuant to State law and Commission policy.

LAFCO Analyst Samuel Martinez presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by reference herein. Mr. Martinez says this project is similar to the previous two City annexations in the sense that this is a contractor’s storage yard proposed on the northernmost parcel (APN 0297-121-07) in the application which requires water from the City. He says that since the property is contiguous to the City along Wabash Avenue, annexation is required by the City’s Measure U. He shows the location of the area on the map on the overhead display and explains that the property owner has included in his application two additional parcels he owns south of the storage yard. He says that addresses a logical boundary by including a whole-block area along Wabash Avenue between San Bernardino Avenue and the vacated right-of-way for the natural extension of Carlsbad Avenue. Mr. Martinez says those two additional parcels (APNs 0297-121-10 & -11) are currently part of the County’s Mentone Agricultural Preserve and will be transferred to the City as an Agricultural Preserve as a condition of approval.

Mr. Martinez discusses the land use issues as outlined in the staff report. He says the current County land use designations are IC on APN 0297-121-07 and AG-AP on the other two parcels. He notes that in 1992, the County removed APN 0297-121-07 as a part of the Agricultural Preserve through a General Plan Amendment that changed the land use designation from AG-AP to IC. Mr. Martinez says the City’s land use designation for APN 0297-121-07 is Light Industrial and Commercial Industrial for the other two parcels; and that the City pre-zoned the annexation area M-1 for APN 0297-121-07 and C-M for the other two parcels.

Mr. Martinez discusses the Agricultural Preserve issues as outlined in the staff report, noting the requirement of Government Code Section 51235. He says that in response to State statutes, staff has proposed a condition to transfer the two parcels as an Agricultural Preserve and says the City will succeed to them as an Agricultural Preserve. However, he says the City has opted to disestablish these parcels as an Agricultural Preserve and says that removal will become effective upon completion of this annexation.

Mr. Martinez summarizes the Plan for Service submitted by the City, as outlined in the staff report. He notes that the same condition of approval imposed on the other two annexations related to fire protection and paramedic services will apply to this annexation. He reports that the parcel for the storage yard will be subject to a special paramedic tax assessment of \$158.95 per year. He says sewage collection services will not be provided to the storage yard since the existing sewer infrastructure is approximately 1,300 feet away; but he notes that the property owner has been required by the County’s land use approval process to put in a dry sewer line along the Wabash Avenue frontage of the parcels to accommodate eventual sewer service. He reports that the parcels will also have an additional special tax assessment of 0.0135 percent of the assessed property value to fund the City’s Measure “O” debt service to fund the purchase of land for parks, recreation, citrus preservation and open space within the City.

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Mr. Martinez discusses the environmental review process, as outlined in the staff report. He says the City prepared an Initial Study and Negative Declaration for Annexation No. 86, Zone Change No. 414, General Plan Amendment No. 106 and Agricultural Preserve Removal No. 111. He says the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, prepared an Addendum to the City's environmental assessment to address the additional acreage for the right-of-way areas along San Bernardino and Wabash Avenues that were not addressed by the City. He says the actions to be taken by the Commission are listed in the staff report.

Mr. Martinez says the Registrar of Voters has certified that the annexation area is legally uninhabited; that the Assessor's office has verified that the area possesses 100% landowner consent; and that the City has concurred to waiver of the protest proceeding for this proposal. He says staff is, therefore, recommending that the protest proceedings be waived. He says staff supports approval of this annexation for those reasons outlined in the staff report and says the staff recommendation is outlined on pages one and two and includes that the Commission: (1) take the actions listed related to the environmental review; (2) approve LAFCO 3028 with the standard terms and conditions and two additional conditions--one related to the receipt of the signed agreement for the continued provision of fire protection and paramedic services to the site from County Service Area 38's Station #9 and the other related to the City succeeding to all rights, duties and powers for the administration of the County-designated Agricultural Preserve overlaying APNs 0297-121-10 &-11; (3) waive the protest proceedings with 100% landowner consent and concurrence from the City; and (4) adopt LAFCO Resolution No. 2908 setting forth the Commission's findings, determinations and conditions of approval.

Regarding sewage collection services, Commissioner Cox asks how the contractor's storage yard is currently being serviced and whether it is on septic. Mr. Martinez responds that it is currently on septic, as approved by the County, and he says that will continue. Commissioner Cox asks whether he has any idea when sewer will come to that area. Mr. Martinez says it is about 1,300 feet away from the infrastructure, and he says the City will have to answer that question. Commissioner Sedano says he would like to have an answer from the City about the sewer question since normally when annexation occurs the property must hook up to the sewer. He says the area is agricultural now but everyone knows it will be developed someday and he would like to know the City's plan.

Doug Headrick, Chief of Water Resources for the City, says that the requirement for new services to extend the sewer lines is based on the density of their development. He reports that this project did not meet that criteria, which is why the City did not require the property owner to extend the sewer 1,300 feet to accommodate connecting to the sewer. Commissioner Williams comments that the staff report indicates that the property owner will put in a dry line, which means they will put in the infrastructure and will be prepared to hook up to the sewer at the point it comes in. Mr. Headrick says that is correct.

Jeff Shaw, the City's Community Development Director, states that a Sports Park is planned in that immediate area and he says that upon development of the Sports Park, the facilities would require an extension of the sewer that will go up Wabash. He adds that there is residential development that is approved in the area, and is required to extend the sewer line that would go to the intersection of Wabash and San Bernardino Avenues, which will then put the infrastructure in close proximity to this project. Regarding the time frame for that, Mr. Shaw reports that the tract map for the residential development is approved, but he says they are not sure of the timing of the development. He says the Sports Park has been held up because of the Kangaroo Rat issue that must be resolved.

Commissioner Cox moves approval of staff recommendation, seconded by Commissioner Pearson. Chairman Biane states he has no requests to speak and he closes the hearing. He calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Biane, Colven, Cox, Gonzales, Luellig, Pearson, Williams. Noes: None. Abstain: None. Absent: Hansberger (Gonzales voting in his stead) and Nuaimi (Luellig voting in his stead).

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CONTINUED FROM SEPTEMBER 21, 2005 – CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 2919; AND (2) LAFCO 2919 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT – CONTINUE TO MARCH 15, 2006

LAFCO conducts a public hearing continued from September 21, 2005, to consider a service review and sphere of influence update for the San Bernardino Valley Water Conservation District (hereinafter referred to as the "SBVWCD" or the "District"). Notice of the original hearing on March 16, 2005, was advertised as required by law through publication in The Sun, a newspaper of general circulation in the area. Individual mailed notice of this hearing was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by reference herein. Ms. McDonald says this hearing is continued from September 21, 2005, at which time the Commission's action was to indicate its intent to adopt staff's recommendation, which was to determine that the Commission's action was exempt from CEQA and to adopt a zero sphere of influence for SBVWCD, and to continue the matter to today with a request that a stakeholders' committee be established to respond to three questions: (1) the effectiveness and efficiency of a potential future successor agency through consolidation; (2) whether the pre-1914 water rights of the SBVWCD can be transferred in any future consolidation; and (3) issues related to the preservation of the Wash Plan or Plan B currently in progress. She reports that at the November 16 hearing, during consideration of a request by the District that a consultant be hired to perform the report, the Commission authorized an additional question to be answered at the request of the District as to whether there is any incompatibility in having the San Bernardino Valley Municipal Water District (hereinafter referred to as "MUNI") administer both the Western Judgment and the SBVWCD's traditional water recharge role, or in having MUNI serve both as the importer of State Project Water and the party primarily controlling the native water for groundwater recharge.

Ms. McDonald reports that the Committee met a number of times between October and January to address those four questions. She says that attached to the staff report is a copy of the Committee Report that represents the majority position of the membership related to those questions. She says that attached to the staff report is the response submitted on February 6, 2006, by the SBVWCD to the Committee Report, and says she wanted to clarify one point in the District's materials. She says the District indicated that the City of Riverside is not in the boundaries of MUNI and does not pay taxes. She says that on page 3 of the staff report, the chart shows that the City of Riverside owns two parcels on the County of San Bernardino's Assessment Rolls and Tax Bills and they do pay taxes. She adds that because the City of Riverside owns well sites in the existing boundaries of MUNI and pays the District's groundwater assessment charge, the payment of general levy taxes also supports the SBVWCD.

Ms. McDonald states that staff's position has not changed from the original reports because staff believes that the regional service of water recharge should be addressed regionally. She says the expansion of the District's sphere to include the whole of the Bunker Hill Basin was discussed since there are three agencies charged with water conservation in the eastern San Bernardino Valley—SBVWCD, MUNI and the San Bernardino County Flood Control District. She says there was no support for the expansion of the District's sphere by the District or the water producers and she reports that the consolidation of the SBVWCD with a regional entity is still considered appropriate by LAFCO staff. She says the potential for consolidation with the Flood Control District was discussed and the Flood Control District indicated that its mission to move water through the Santa Ana River area as quickly and safely as possible was not compatible with SBVWCD's mission to hold those waters for recharge of the Basin. Ms. McDonald says staff's question remains "Why are there three overlapping agencies within this portion of the Bunker Hill Basin of the eastern San Bernardino Valley authorized to provide water conservation services? And is this appropriate?" She says staff's response is that it is not appropriate.

Ms. McDonald states that staff's recommendation remains that the Commission should adopt a zero sphere of influence for the District, indicating that it feels that the SBVWCD should be merged with another agency. She reiterates that this recommendation does not initiate consolidation; it does not

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change the area of the District's service; it does not change its current operations or responsibilities related to the Wash Plan, Big Bear Watermaster, or the Exchange Plan Administration; and it does not eliminate the groundwater charge. She explains that it is a planning tool for the Commission. She says the Committee Report indicates the following: (1) that the pre-1914 rights can be transferred; (2) that regarding the preservation of the Wash Plan, a specific condition has been recommended that no action be taken to finalize any consolidation, if an application is submitted, until after June 30, 2007, or the date of the acceptance of the Wash Plan Final EIR/EIS by the Conservation District and Bureau of Land Management and the issuance by the U.S. Fish and Wildlife Service of a take permit, whichever occurs first; (3) there are efficiencies to be achieved through a consolidation; and (4) there are no incompatibility issues related to MUNI. Ms. McDonald says that SBVWCD has countered that position in the minority report.

Ms. McDonald says the staff recommendation is that the Commission: (1) determine that the designation of a zero sphere of influence for the District is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption; and (2) designate a zero sphere of influence for the District. However, she says that if, after hearing testimony today, the Commission feels that the District's sphere should be retained as it currently exists, or a coterminous sphere is appropriate, the staff report includes those actions but she requests that adoption of the resolution making those determinations be deferred to the March 15, 2006 hearing.

Ms. McDonald reports that the Commission has been presented today with a letter received February 9 from Western Municipal Water District supporting the Committee's conclusions and a letter received this morning from the City of Redlands Municipal Utilities Department to clarify some allegations in the SBVWCD's latest submittal. She notes that the Committee's Chairman, Mike Huffstutler, is present today.

Ms. McDonald states that Commissioner Hansberger submitted a letter requesting that the Commission take testimony today and continue the hearing to March, since he is unable to be at the hearing today. She says the Commission must first determine whether it wants to do that and says staff has no recommendation on the continuance.

Commissioner Pearson moves to continue this hearing to March 15, 2006, seconded by Commissioner Colven. Commissioner Pearson says this area is in Commissioner Hansberger's District and he has been working closely with everyone on this and to be fair the Commission should hold off on making its final decision. Commissioner Luellig asks whether they should hear the testimony today. Commissioner Sedano apologizes to all the people present today; but he says it is only fair to let Commissioner Hansberger hear the testimony next month. Ms. McDonald comments that he will have an opportunity to review the tapes, pointing out that his request was to receive the testimony today and continue the final decision to March 15.

Chairman Biane states he has four requests to speak and says that the speakers may wish to go on the record today or save their comments for March 15. Commissioner Gonzales says she would like to defer to those who have submitted requests to speak and let them decide whether they want to make their statements today and then come back next month, or she says the statements that are recorded can be reviewed by Commissioner Hansberger. Commissioner Luellig asks whether the Chairman of the Committee will be at the March hearing and Mr. Huffstutler indicates he will be. Chairman Biane states there is a motion and second to continue the hearing. He says each speaker has the option to defer to March 15.

Cheryl Tubbs, President of the Board of Directors of the SBVWCD, requests that all testimony be heard by Commissioner Hansberger since he has asked that the matter be deferred. She says the District has a number of people present today to give testimony but they will be happy to come back in March. She comments that the Commission has received from the District all the information that it will receive. She says Commissioner Sedano was upset at one of the meetings about pieces of the record that were received the day of the hearing and she requests that copies of the two pieces of correspondence that have been presented to the Commission this morning also be provided to the District. She reiterates that

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the District's request is that the hearing be continued and that no testimony be taken today, but in March when Commissioner Hansberger is present. Douglas Headrick, representing the City of Redlands, says he will wait until March to present oral comments. He comments that the letter submitted this morning by the City was due to a timing standpoint because the City had not received the District's response in time to prepare comments to be included in the official package. Jess Senecal, representing the District, states the Commission has heard the District's position in favor of hearing the testimony next month. Thomas Gardner a Management Partner of the SBV/WCD, asks that testimony be presented in March.

Commissioner Sedano says he would like to note in the minutes and for the public that Commissioner Hansberger announced at the last meeting that he could not be here today. He says he had a commitment a long time ago and could not be here. He says he appreciates everyone who came today and hopes they will come back in March.

Commissioner Gonzales says she would like to add that she was aware that Commissioner Hansberger would be away today and she points out that when a cruise is booked, it is done many months in advance and that Commissioners are often not able to foresee what important items will come before them on a given date, causing continuations.

Chairman Biane calls for any objections to the motion. There being none, the voice vote is as follows: Ayes: Biane, Colven, Cox, Gonzales, Luellig, Pearson, Williams. Noes: None. Abstain: None. Absent: Hansberger (Gonzales voting in his stead) and Nuaimi (Luellig voting in his stead).

CONSIDERATION OF LAFCO 2981 – SPHERE OF INFLUENCE REVIEW (REDUCTIONS) FOR CITIES OF FONTANA AND RIALTO – OVERRIDE COMMISSION POLICY THAT INDICATES THAT INCORPORATION PROPOSALS INVOLVING LAND WITHIN AN EXISTING CITY SPHERE OF INFLUENCE WILL NOT BE ACCEPTED FOR FILING; DIRECT BIC TO SUBMIT NOTICE OF INTENT TO CIRCULATE PETITION FOR INCORPORATION WITHIN 30 DAYS AND INCORPORATION APPLICATION WITHIN ONE YEAR, INDICATING BIC WILL RESPONSIBLE FOR ALL COSTS ASSOCIATED WITH INCORPORATION PROPOSAL

Chairman Biane states that he and Commissioners Williams and Gonzales previously announced that they will abstain from voting on Item #8. He says Vice Chairman Colven will assume the Chair. Legal Counsel Clark announces that he also has a conflict and says the Commission will be represented by Special Counsel Jeff Goldfarb. It is noted that they leave the hearing at 10:10 a.m.

(It is noted that the Commission takes a break at 10:10 a.m. and Chairman Colven calls the hearing back to order at 10:22 a.m.)

LAFCO conducts a public hearing to consider a proposal submitted by a community group known as the Bloomington Incorporation Commission (hereafter referred to as "BIC"), to reduce the spheres of influence of the Cities Fontana (hereinafter "Fontana") and Rialto (hereinafter "Rialto") to exclude territory of the community of Bloomington. Notice of this hearing has been advertised as required by law through publication in The Sun, Fontana Herald News and Rialto Record, newspapers of general circulation in the area. Individual mailed notice was provided to affected and interested agencies, County departments and those individuals and agencies requesting mailed notice.

LAFCO Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by reference herein. Ms. McDonald states that the purpose of this proposal is to exclude territory from the Cities' spheres of influence in compliance with the Commission's incorporation policy that indicates it will not accept an incorporation proposal containing sphere territory of any city. She says this proposal was submitted by BIC in November of 2004, and includes a reduction in Rialto's sphere of approximately 4,068 acres and three separate areas in Fontana's sphere totaling approximately 445 acres, as shown on the map on the overhead display. She reports that she understands that BIC's request will be modified to go down and include the southern

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area within the Agua Mansa Specific Plan area. She says BIC indicated in its final statement of appeal that the purpose of its application is to maintain the rural atmosphere of this area and to sustain a thriving community through incorporation. Ms. McDonald says staff has met with BIC on a number of occasions, including a Departmental Review Committee meeting in July, to review the technical aspects of the proposal, questions regarding the map and legal, feasibility issues and to discuss the environmental analysis that would be required for a sphere reduction. She says that Jeff Goldfarb as Special Counsel, and the Commission's Environmental Consultant Tom Dodson reviewed with the representatives of BIC that the sphere of influence reductions could not be segregated from the incorporation issue since they are tied together in a sequence of events; and, therefore, the environmental assessment that must be conducted at this point must look at both proposals. She says this is important because of what the scope of that review will entail, as Mr. Dodson will discuss shortly. Ms. McDonald says that at the DRC meeting, the requirement was discussed that in order to move forward with such a significant sphere of influence reduction, the community needed to show that incorporation would be financially viable. She says staff required a Feasibility Study to show what the ultimate outcome would be, since the impacts of the sphere reductions and incorporation on Fontana and Rialto must first be assessed since those Cities have been required since the early 1980's to master plan for their facilities to extend into this area. She says the staff report today looks at the Feasibility Study presented by BIC.

Ms. McDonald discusses that there have been no incorporation proposals in this County in the past 12 years and she says some significant statutory changes regarding incorporation efforts have taken place. She explains that the incorporation would be submitted through a petition process by BIC, with a preliminary feasibility study showing the residents signing the petition that BIC believes incorporation is feasible. However, she reports that the Commission is required to make specific determinations in an incorporation and, to do so, the State now requires LAFCO to contract for preparation of a Comprehensive Fiscal Analysis (hereinafter CFA) to be paid for by the community group. She says the staff report outlines that the cost for the CFA for the Menifee Valley Incorporation in Riverside County was about \$64,000, and they were found not to be fiscally viable for cityhood. Ms. McDonald says staff is recommending denial of LAFCO 2981 on the basis that a City of Bloomington is not fiscally viable. However, she says that if after testimony the Commission so desires, it can undertake the alternative actions listed on pages one and two of the staff report.

Ms. McDonald discusses the background of the significant role LAFCO has played with the larger Bloomington community over the years, as outlined in the staff report. She discusses the various incorporation proposals considered over the years for the Bloomington community: LAFCO 5 was submitted in 1963 and withdrawn by the Bloomington Chamber of Commerce when it was determined that the effort would not be financially viable. LAFCO 1021 was denied in 1971 on the basis that fewer services would be provided at a higher cost than County services. In 1978/79, a Blue Ribbon Committee looked at the question of governance for the Bloomington community; and without a determination of financial viability, the Bloomington Municipal Advisory Council (MAC) recommended that the area be placed predominantly in Rialto's sphere, with the fringes on the west placed in Fontana's sphere. Three informal requests were considered from 1985 through 2000, but no official documents were ever submitted. Ms. McDonald explains that this current effort is a result of development activity in the larger Bloomington area and the residents' concerns about changes in land use designations to smaller than one-half acre lots and traffic and schools issues. She says that BIC notified staff in August of 2004 that it would pursue incorporation and would be initiating an application for sphere changes.

Ms. McDonald presents a chart comparing the number of registered voters and acreage in order to understand the comparisons made among the projections in the BIC Feasibility, the draft CFA prepared for the Menifee Valley Incorporation and the Draft Lake Arrowhead Woods Feasibility Study. She says staff has gone through BIC's December 2005 updated Feasibility Study and looked at the proposed expenditures and revenues. She discusses the synopsis and conclusions of the proposed revenues, as outlined in the staff report in the chart on pages eight and nine. She reports that BIC has identified the total unrestricted or discretionary revenues as \$3.1 million, total restricted revenues of \$1.3 million, and total revenues of \$4.5 million; that LAFCO staff has identified the total discretionary revenues as \$2.8 million, total restricted revenues of \$759,000, and total revenues of \$3.6 million; that Menifee Valley identified the total revenues as \$14.9 million and Lake Arrowhead Woods identified total revenues of

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\$12.2 million. Ms. McDonald discusses the comparisons of the proposed expenditures, as outlined in the staff report in the chart on page 12. She reports that BIC has identified a total General Fund Expenditure of \$2.7 million; that LAFCO's analysis shows \$3.7 million in expenditures; that Menifee Valley identified \$23.7 million and that Lake Arrowhead Woods identified \$11.5 million. However, she notes that the Menifee Valley and Lake Arrowhead Woods expenditures included costs for fire protection. She says the Public Works restricted revenues are identified as \$1.3 million by BIC; \$877,000 by LAFCO; \$1.5 million by Menifee Valley and \$1.9 million for Lake Arrowhead Woods. Ms. McDonald reports that BIC projects \$4.5 million in expenditures, leaving a surplus of about \$50,000; that LAFCO projects expenditures of \$5.1 million, leaving a \$1.4 million deficit; that Menifee Valley had a deficit in excess of \$12 million and that Lake Arrowhead Woods had a \$1.1 million deficit.

As outlined in the staff report, Ms. McDonald discusses that one of the major changes financially for incorporations relates to Proposition 1A which changed the way Motor Vehicle In-Lieu fees are apportioned to existing and new cities. She explains that for existing cities, this "Triple Flip" legislation, as it is commonly known, reduced Motor Vehicle In-Lieu payments, but backfilled that amount with an increased level of property taxes. However, she says that for new cities it simply reduced their share of Motor-Vehicle In-Lieu fees from 2% to less than .65%. She says that change results in the proposed City of Bloomington receiving the current allocation of \$411,954 (\$19.67 per capita, based on a population of 21,378), rather than receiving \$1,175,790 (\$55 per capita), as it would have had it incorporated years ago. She notes that there is a bill to look at this issue (AB 1602), but she says it is not expected to pass so any future incorporations appear impractical unless they are for a very wealthy, high value, high sales tax-generating area.

Ms. McDonald summarizes the significant differences in the revenues as projected in BIC's Feasibility Study and those projected by LAFCO staff, as outlined on pages 8 through 12 of the staff report. She reports that for total revenues, restricted and unrestricted, BIC has projected \$4.5 million and LAFCO staff has projected \$3.6 million. She summarizes the differences in the expenditures as projected in BIC's Feasibility Study and those projected by LAFCO staff, as outlined on pages 12-15 of the staff report. She discusses that the most important expenditure that has been added by staff is the Planning Department expenditure. She says that BIC's failure to include costs associated with the operation of a Planning Department causes staff great concern, especially since the emphasis for incorporation is to take land use control from the County and give it to the citizens for local control. She says there is about a \$600,000 difference in total expenditures projected, which she says is important since staff also excluded a fair amount of revenues in its calculations.

In conclusion, Ms. McDonald states that it is very important that staff present the Commission with an analysis of the revenues and expenditures proposed for incorporation because the Commission is looking at whether or not to obligate the community of Bloomington to move forward and fund an incorporation effort, which means they would have to fund preparation of the CFA that is anticipated to show that incorporation is not financially viable. She notes that the incorporation effort for Menifee Valley was not as complicated as that for the Bloomington community, so she says the cost for the CFA could be greater than \$64,000. She says there have been contentions incorporations in northern California that exceeded \$400,000 for the CFA and an Environmental Impact Report (hereinafter referred to as "EIR"). She says that there have been instances where staff indicated that a city would not be financially viable, but incorporation moved forward anyway; but she points out that was in the days when the Motor Vehicle In-Lieu fees could be counted on as discretionary revenue. She adds that while many in the community will argue that it is their right to vote on incorporation, the State Legislature has given LAFCO the responsibility to review that effort within established criteria for revenue neutrality and fiscal viability, among other things.

Ms. McDonald states that staff cannot recommend moving forward, noting that what has been presented is not a comprehensive fiscal analysis of expenditures and revenues for the proposed city and saying there could even be more expenditures and requirements. She says the staff recommendation is that the Commission deny LAFCO 2981 and defer adoption of the resolution to the March hearing. However, she says that if the Commission, after hearing testimony, so desires, it can continue LAFCO 2981 and require submission of the required maps and legal descriptions of the proposed sphere reductions and

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incorporation; require submission of a deposit for the environmental assessment equivalent to the estimated cost to be provided by Mr. Dodson, and require BIC to submit amendments to its Feasibility Study showing financial viability.

Mr. Dodson discusses that the environmental assessment for this proposal is complicated because the effects are not directly apparent. He explains that the spheres allocated to Fontana and Rialto led them to create infrastructure systems to deal with what they envisioned to be their whole service area and they made commitments in terms of ultimate capacities. He says that what will need to be evaluated is what the effect of reducing the spheres will be to these infrastructure systems in terms of costs to the Cities and their ultimate ability to serve. He says that because of the incorporation proposal, he must evaluate how the potential new city can provide the same or similar services. Mr. Dodson says that at a minimum, an Initial Study leading to a Negative Declaration or even an EIR must be the first step in order for the Commission to understand the physical consequences of the two actions. He says that even though BIC thinks it is a simple matter to get to a CEQA decision, the Commission has the responsibility to make an appropriate CEQA determination because: (1) it needs the information; and (2) it must have the appropriate documentation to be able to appropriately comply with CEQA and protect itself from litigation. Mr. Dodson says that he estimates the cost to be in the \$15,000 to \$20,000 range. Commissioner Cox asks whether there would be any liability from the impact of stranded facilities. Mr. Dodson responds that stranded facilities are part of what will need to be looked at when analyzing the various infrastructure facilities.

Ms. McDonald says that the Commission has been presented this morning with a response from BIC to the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by reference herein. In response to inquiry of Commissioner Luellig, Ms. McDonald explains that the Commission reduced the filing fees for BIC's sphere proposal to a single application fee for the Fontana areas and one for the Rialto area. She says BIC has paid \$9,700, \$750 of which is a deposit for environmental review. Commissioner Luellig asks whether BIC has indicated that the property owners are willing to bear the \$150,000-\$200,000 cost for incorporation. Ms. McDonald responds that it will not be the property owners who pay, but the community group, and she says he will have to ask them. Commissioner Luellig says there is a conflict in the Motor Vehicle In-Lieu fee and says he sits on the Board of Directors of the League of California Cities and can tell the group they do not get those fees. He asks whether BIC has been told and understands that if they create a city of 4,000 acres, the State will require them to have high density and a housing element that will eliminate 50% to 60% of their ruralness. Ms. McDonald responds that they have not been told by LAFCO staff that their housing element must have a variety of land use types, but she points out that there are areas in the north that are more dense.

Commissioner Sedano asks whether BIC has said anything about giving money back to Rialto and Fontana if their spheres are reduced since both Cities have made improvements there. Ms. McDonald responds that Rialto has sewer facilities that traverse through Bloomington and that some areas are served by Rialto outside its boundaries by out-of-agency service agreements, but she says she does not believe there are any facilities provided by either City in that area, except for sewer lines installed for other purposes. Commissioner Sedano states he is glad to have that clarification.

Vice Chairman Colven opens the hearing and calls on those wishing to speak. Ms. McDonald points out that there are only four voting members present and says any action will require a unanimous vote for Commission action.

Eric Davenport, representing BIC, reads a statement indicating that BIC has overcome many obstacles to be here today and that they come to defend the financial feasibility projections negated by LAFCO staff and to persuade the Commission that Bloomington can support itself. He says LAFCO staff compares BIC's budget with Lake Arrowheads and Menifee Valley but says it is better compared to Calimesa. He reminds the Commission that LAFCO rules state that each incorporation proposal will be evaluated on its own merits and indicate that failure to comply with one or more of the policies will not necessarily result in denial of the proposal. He says that new development sleighted for Bloomington will take place between now and the time cityhood goes before the voters in 2007 so the revenues will have grown substantially

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and will more than likely cover any shortfalls. He says the only question is whether the overall service in Bloomington will improve and he says that answer is yes. Most important, he says there will be better police protection and he says there will be better roads. He says the Bloomington residents will not be better served by annexing to Cities that are very much in debt.

Mr. Davenport says there were discrepancies in revenue between BIC and LAFCO staff in the estimated gas tax, the unrestricted and restricted funds. He explains that most of the information BIC received concerning tax taxes and road and vehicle funds was obtained by phone conference with the State Controller's Office which instructed them on what they needed and how to find it. He presents to the Commission documents as to how those figures were arrived at, explaining that there was the discrepancy in franchise fees because they had not received the franchise fees of \$50,000 from Adelpia Cable. Mr. Davenport says the rebuttal to the staff report submitted this morning has mitigated most problems and he says BIC will submit a revised budget. Regarding probable future revenues, he asks that the Commission consider a shared revenue tax for development that goes in, noting that Bloomington is growing, with numerous developments going in. He says they believe that based on \$20 million in development fees, Bloomington would received about \$600,000. He asks that the Commission also allow \$30,000 that was added to their report for franchise fees from San Gabriel Water Company, building permit fees for approximately 100 homes, resulting in another \$650,000, and film permit fees in the amount of \$500. Regarding the discrepancy in the property tax transfer, he says BIC added in Streetlighting, which was not included in LAFCO's calculation.

Mr. Davenport reiterates that Fontana has about \$1.1 million in debt service, which he says will be passed on to the people in Bloomington if they are annexed and he asks that Bloomington's resources not be used to fund Fontana's problems. He points out that when someone starts a business, they will probably run at a little deficit the first few years but he says if they are allowed everything requested in the budget, they will be on target. He says if not, other than the amount for the Planning Department, they have about a \$30,000 negative. He says if they are allowed the additional funds he has just discussed, that will more than cover what is needed for their planning needs. He notes that they have a contingency fund of a little over \$400,000 and he says that will go up if they are allowed to introduce these other funds. He says that by the time this matter goes to a vote, there will be more cars in Bloomington, increasing the \$19.67 per capita figure and that there will be additional homes and other business seeking to come to the area, which will increase their revenues. He says BIC's figures show that they are at \$5.6 million for their budget and he points out that they compare their community to Calimesa, which has been running on a \$3.2 million per year budget for the last couple of years. He comments that concern was mentioned about Rialto's sewage infrastructure. He reports that there is an entity that is willing to lend the proposed City money to build sewer infrastructure that could be tied in to either Rialto or Fontana and provide them with revenue-generating source without either City having to put out any money. He says that should also be a consideration.

Commissioner Cox comments that they are looking at \$80,000 to \$100,000 for BIC to move forward with the incorporation process, which she says is a huge sum. Mr. Davenport responds that they have a trust that has \$80,000 in it and he says they are also in the process of doing other fund raising.

Commissioner Luellig asks whether the Commission has to take action on the sphere reductions before the community has to expend the money to determine the viability of a city. Ms. McDonald says the Commission's policy indicates that it will not accept any incorporation proposal for territory within a municipal sphere of influence. Mr. Davenport comments that in 2004, Mr. Dodson conducted a sphere study for the Bloomington Recreation and Park District which is about the same area that Bloomington is trying to incorporate. He says they would like to just update that study.

Chairman Colven opens the public hearing and calls on those wishing to speak.

Pam Geil, a BIC member and Bloomington resident, says she disagrees with LAFCO. Ms. Geil says that Bloomington had its own sphere in the 1980's, but she says that once Bloomington was put into the spheres of Rialto and Fontana, the community lost all say over what was to happen in Bloomington. She says Rialto has done nothing for them; that the sewer lines at the corner of Cedar Avenue and Valley

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Boulevard were paid for by CDBG funds for the most part; that Rialto charges Bloomington three times the normal rate to use its sewer and Fontana charges about one and a half times the normal rate. She reports that there is about \$700,000 in park funds from the County that have been sitting around for about four years; she says they have not been able to get those funds spent and are told they will go into a bigger fund. She says they need control over their community so that the people can have a say as to what happens there. She says the community is willing to bear whatever it takes for incorporation and says they are capable of supporting themselves and providing internally for their own infrastructure. She asks that the Commission work with them and let them prove that they can become a city.

Virginia Geil, a resident of Bloomington, says that the community turned out to save a historical part of Bloomington nine years ago, which proves that Bloomington really cares. She discusses that when it rains, water flows down Linden Street from Rialto, piling up clutter and garbage, and she says this has happened for at least 15 years. She says they get Rialto's trash and mosquitoes. She says her goal is to create a senior village in Bloomington.

Juanita Ruiz, a Bloomington resident for 25 years, says it is a wonderful place to raise a family and is a very close knit community; and she says if given the chance, they will overcome any of the budget concerns because they have the support of the community. She says she lives within Island Area 3 that is being proposed for annexation to Fontana and discusses that she is upset with Fontana because no one in her neighborhood received notice that Sierra Park was being built behind their residences. She also notes that she is a member of the Bloomington MAC and says a representative from Sierra Park gave her a brochure of a future building site located where her home currently is. Commissioner Luellig comments that it is not unusual for developers to plan something on top of property they do not even own and he says that has happened to him and it is nerve-racking.

Alexia King Rishel states that she lives on the northeast corner of Tamarind and Jurupa Avenues and is bordered by Fontana on the south and west. She says if Bloomington does not incorporate, she assumes she will be annexed to Fontana. She says she has already been subject to Fontana's lack of planning as far as the Empire Center and 500 acres between Sierra and Tamarind Avenues, bordered by Slover Avenue on the north and Jurupa Avenue on the south. She says there are warehouses with tons of trucks in the north half of the area and small residential lots and a variety of developments in the south half of the area. She says that if Fontana is allowed to extend its influence into the western section of Bloomington, Bloomington will be gone. She says she resents that she will then be expected to pick up Fontana's debts and she prefers to tighten her belt as a Bloomington City resident and go without for a few years.

Lynda Gonzales states she has lived in Bloomington for 15 years and relocated her business there from Fontana six years ago. She says that as discussed by Ms. Ruiz, she also did not receive any notice from Fontana about a project. She says that she met with Senior Planning Commissioners who said that notice had been sent, but they could not show her a mailing list. Ms. Gonzales says she was attracted to Bloomington because of its rural atmosphere and large lots. She discusses the character of Bloomington and talks about what has been accomplished by the Women's Club, the Booster Club and Little League. She asks that the Commission approve this step and then they will talk about incorporation. She says Fontana has done nothing for her but says Fontana's construction has damaged her streets.

Ron Stumpf says he and his wife moved to Bloomington over 30 years ago. He says he has been a peace officer for almost 29 years and that his prison is filled with people from Fontana who are criminals. He says high population breeds criminals; that a rural area does not and is much more positive for family life and animals. He says the Commission is only concerned about tax revenue and how much of Bloomington's money can help bail out Fontana and Rialto. He asks why Bloomington does not take in parts of Fontana and Rialto, noting that if they look at maps from the 1970's, Bloomington was about twice the size it is now.

Elfrieda Osvold states she was annexed to Rialto about 20 years ago and did not want that. She says they were guaranteed a fire department and a police substation and have neither. She says the sewer system was only put in because Rialto wanted to put in heavy industry. She says they moved out of

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Rialto because they did not like how the atmosphere was going. She says Rialto is in debt; that it can take several hours or even days before police will respond; that the Fire Department might be able to respond if it can get over the freeway. She says she is paying toward the Rialto City employees' retirement program on her property taxes; that she pays for Rialto lighting, yet there has been a light out in front of her property for 30 years. She says a new tract was built in Rialto on half acre parcels and the people have been told that they cannot have animals. She says Bloomington is founded on families, children and animals, but if Bloomington is annexed to Rialto there will be more homes allowed per acre. She says Rialto has done nothing for the area except bring in large businesses, but she says the trucks from those businesses have torn up the streets. She says Rialto has done nothing to help with school issues or to give money for parks and says the only thing Rialto has done is bring the sewer down.

Leslie Fawcett, a Bloomington resident for 27 years, says she owns a small horse ranch and supports a lot of the local wildlife, and moved there from Los Angeles for the rural lifestyle. She says building and development are not good and she is not happy with that. She says if more information had been provided in Spanish, and if the hearings were held in the evenings, many more people would be present.

Anita Berger, a Bloomington resident, states that Rialto and Fontana have imposed so many taxes on their residents, noting that 20% of Rialto's budget is based on an 8% utility tax and that Fontana's budget is based on its 8% utility tax. She says the State imposed an agriculture overlay of AA zoning for Bloomington and asks where else children can go to see horses and farm animals. She says it is a crime for the Cities to be able to do what they want to Bloomington just because they want more tax money and she asks what the Cities are getting from the developers who are taking over the land. She says former Supervisor Jerry Eaves took everything away from Bloomington and that no money has been put back into it; that roads have not been fixed and now Bloomington is considered blighted. She asks what the current Supervisor is doing when she is allowing those things that Jerry Eaves started to continue.

Gil Navarro, Education Advocate with the California Parents Association, states he lives in the City of San Bernardino but is a resident and registered voter in the Fifth Supervisorial District and is advocating for the Bloomington residents. He states that Mr. Dodson's report was paid for under the influence and direction of Ms. McDonald and he says they did a great job of preparing a script for the Commission. He says County Supervisors have raped the treasury for the money that was supposed to go to the residents of Bloomington for over 20 years, which is why they are in this state. He says that it is "not that figures lie, but it is that liars misfigure" and says he believes the staff report was given to the Commission to mislead it and he believes Ms. McDonald has a negative demeanor and animosity against the Bloomington residents, which he feels is unfair. He says that as a paid employee for the County under taxpayers dollars, she should not be taking an emotional position because she does not want to see this go through.

Commissioner Pearson interrupts Mr. Navarro and says that he thinks that his derogatory remarks are out of place. Commissioner Cox says she agrees. Mr. Navarro responds that this is part of the Brown Act and he is allowed to say whatever he wants. He says the point is that staff's recommendation is that, if the Commission hears new information and data from the testimony today, it should go ahead and get a more comprehensive report. He says he thinks the Commission should have that more comprehensive report before it makes a decision.

Commissioner Luellig states that he does not think that any member of this Commission has a hidden agenda and he says when someone comes up and "slam dunks" people, which he says happens to him at the City of Barstow, it irritates him and the Commission. He says they are very appreciative of several of the comments and says this is a process they have to go through. However, he says for someone to "slam dunk" members of the staff and the Commission is totally inappropriate when they are trying to do their job to the best of their ability. Vice Chairman Colven thanks Commissioners Luellig and Pearson for their comments.

Ginger Elliott, who has lived in Bloomington all her life, says she does not look forward to living in Rialto or Fontana because Rialto has the second highest violent crime rate in the State and she does not want to be part of Fontana's "tile roofs". She says the General Plan states that there can be one house on one

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acre; that the citizens voted that Reggie King could put one house on a half acre; and that now he is pushing for 4,200 square foot lots. She says that because Fontana annexed Locust Avenue, the road on the City side is bad, but the County roads are maintained. She says Fontana annexes tax base and then does not maintain anything. She notes that there are going to be 700 plus houses off Locust Avenue that will be part of the Colton Joint Unified School District, which she says means Bloomington. She says that Bloomington High School is a concentration camp now; that there is nothing but trailers; and that the new football field that was just put in will go next because there is no room. She discusses the lack of animal control services and says Bloomington will get better services being a city. She says these meetings should be held in the evening so that working people can attend.

Vice Chairman Colven says that concludes those who have requested to speak. He asks if anyone else has something to say that has not already been said.

Lisa Gillman, who lives in one of the island areas proposed for annexation to Fontana, says she is a former resident of Fontana and intentionally moved to Bloomington. She says she lives on the corner of San Bernardino and Locust Avenues and has been fighting annexation to Fontana for years. She says her concern is environmental; that she lives on one of the only streets that are lined with elm trees, some of which are 50 years old. She says Fontana wants to take the trees out and put in sewers and sidewalks; she says they are on septic. She says Fontana wants to change their zoning from livestock to all R-1; that Fontana has a long history of seeing a vision but never completing the task to get to that vision. She discusses the traffic concerns and says Fontana said it would put in a bridge over the freeway for the residents but has now decided to put in an on- and off-ramp. She says the Bloomington residents would love to have a way to either get under or over the freeway without dealing with on-and off-ramps in order get their kids to school and home in a timely manner. She says Fontana has done nothing but start a project and never finish it; she says she has friends who have the same complaints about Rialto. She says there is no advantage with the 210 freeway; that access to the area has been increased but no road improvements have been made.

Reggie King of Young Homes, says some of his development applications have been referred to in testimony today. He says he is a former resident of, and still owns property in, Bloomington but lives in Fontana now. He says the services in Fontana are a lot better, although he may pay a little more for them, but says there is no question that there is no rural lifestyle in Fontana. He says he agrees that all the complaints are valid as far as the traffic problems and trying to get over the freeway, but he says the solutions to those problems all cost money. He comments that Mr. Davenport talked about funding the incorporation with some of the growth that is coming to Bloomington and he says he thinks it is a little duplicitous for him to suggest that they will fund their City with growth they do not want to happen. He discusses that the 210 freeway has brought economic vitality to Fontana, which he says will happen in Rialto soon. He says that when the 210 extends to the 215 freeway, that will be a heavily-used corridor. He says a challenge for the Bloomington group is that the 10 freeway will be a less dynamic corridor when the 210 comes in, while Fontana and Rialto will continue to be more and more energized.

David Jayne says he has lived in Bloomington almost all of his life. He discusses that the community has been eaten up by Rialto and Fontana who have taken away their property and stolen income that should have been Bloomington's. He says the Commission needs to stop this by removing the spheres so that the people can bring in businesses to bring in revenue. He says that on the east side by the Country Club, at one time Bloomington went all the way to Riverside Avenue. However, he says that area will now go to Rialto since it is in Rialto's sphere. He says Bloomington has a cemetery there and wants that area back. He asks that the Commission let the community go ahead with incorporation.

Mr. Davenport comments that they are not against growth, but he says it must be within the context of what Bloomington is about. He says they would love to have Mr. King build homes in Bloomington because they need that revenue, but he says they do not want four houses on one acre. He says if they could work with developers to find the fine line between what will make them a profit and what will make the community happy and bring in more money, they would be willing to do that.

Vice Chairman Colven closes the hearing.

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Commissioner Sedano asks for clarification as to exactly what BIC is requesting of the Commission. Ms. McDonald explains that this proposal is to remove territory from the spheres of Fontana and Rialto, as outlined on the map on the overhead display. She says Bloomington has no sphere; that it has been a recognized community for years; and that the only agency that exists in Bloomington is the Bloomington Recreation and Park District. Commissioner Sedano says the Bloomington people have a lot of heart and he says that if they want to spend the money, he would encourage his fellow Commissioners to let them do it and see what happens. He says if the Commission does not give the community this chance, it is not being fair. He says approval of the incorporation will still have to come back to the Commission; and, he says if the community can do this, "God bless you".

Commissioner Pearson says he is probably the only person in the room that has led an incorporation drive from start to finish—the incorporation of the Town of Apple Valley. He says that took five years and was just barely successful because the rules were different back then. He notes that he also helped with incorporations of the Town of Yucca Valley and the City of Chino Hills, which were both successful. He says the Bloomington community has very distinct disadvantages because of the finance issues and because the area to be incorporated is very small. He says the Legislature changed the ground rules and that chances for cityhood now are just about nil, which is why he says there have been no incorporations in this County for over 12 years and they had to look to Riverside County for a comparable city to work with. He says Bloomington is a rural community and he can relate to that because Apple Valley had some real battles over that issue. He says they need to show feasibility; that their figures must be more concrete and they cannot bet on what might or might not happen. He says, however, if they want to put up the better part of \$100,000 to do some of the upfront work as outlined in the staff report, he would not be against that. He cautions them, however, pointing out that the two other communities that were fairly well financially backed were told by consultants that they were not viable; and he says he does not want to see these people get into that kind of a fix. He comments that the sphere reductions may be their "back breaker" and says that with the "Triple Flip", cityhood is almost untenable. He says that whatever the community wants to do "God bless".

Vice Chairman Colven says he represents Special Districts on the Commission and says he comes from Big Bear City, which is in Big Bear Valley. He says that when Big Bear Lake incorporated, it tried to incorporate the entire Valley, but Big Bear City did not want to be part of that City. He says that Big Bear City does not have the revenue or tax base and does not believe it will, since the big revenue, such as the ski slopes and the Lake, are down in Big Bear Lake. He says Big Bear City formed a Community Services District which provides water, refuse collection, sanitation and fire suppression services, and says the people are comfortable with that. He discusses that a Committee spent almost three years studying a proposed consolidation of three Fire Departments into a single consolidated Fire Department for the entire Valley, but he says that was abandoned because it was not fiscally viable. He says he concurs with Commissioner Pearson's wisdom and thinks the community has "one heck of a job" ahead of it. He says he has reviewed all the materials and read where two other communities attempted cityhood but, after evaluating it, saw that it was not fiscally viable. He says he sees the same situation here for the Bloomington community.

Commissioner Cox says that she is a strong supporter of grassroots government and appreciates all the heartfelt comments from the public, with the exception of the one gentleman who is not a part of the Bloomington community who, in her opinion, made very derogatory and unprofessional comments. She says there is a lot of heart in the community and she concurs with the senior members of the Commission that they should have the opportunity to pursue incorporation. However, she says they have an uphill battle and, in the end, the bottom line on the spreadsheet may show that cityhood is not feasible and the Commission will have no choice but to make an unfavorable decision on incorporation. She says that she does applaud the community for its efforts thus far.

Commissioner Luellig comments that since it is the Commission's policy that prohibits BIC from looking at incorporation unless the spheres are reduced, the Commission could say that the spheres should remain in place; that BIC can proceed, with all costs to be paid by BIC; and that the study must be done by an outside independent consultant. Ms. McDonald says the CFA is required at the time the incorporation

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petition is received by LAFCO and the signatures are verified as sufficient to initiate the application, containing 25% of the registered voters within the boundaries of the proposed incorporation area. Commissioner Luellig comments that the community's complaint is that Bloomington is being eaten away on its edges. He asks whether the proposed sphere reductions will stop developers from seeking annexation to Rialto or Fontana. Ms. McDonald replies that it will because by law the Commission cannot approve annexation of an area that is not a part of the annexing entity's sphere. Commissioner Luellig discusses that this is a "catch 22" situation because BIC wants to use the sphere removals to stop developers from doing what they want to do with their property, but the Bloomington people want to be able to make decisions for their own property. He says he does not want to tell an individual that he cannot develop his property because it cannot be annexed to a city. He says he has no problem supporting BIC spending the money to see if they can make this work and will support that, if the Commission suspends its policy requiring sphere reductions. He says that for the Commission by its action to tell a property owner that he cannot develop his property is not fair and violates a basic human right that a property owner has.

Commissioner Luellig moves to override the Commission policy that indicates that incorporation proposals involving land within an existing city sphere of influence will not be accepted for filing and direct that BIC be permitted to move forward to circulate petitions for the proposed incorporation, with all costs to be BIC's responsibility. Commissioner Cox seconds the motion.

In response to inquiry of Vice Chairman Colven, Ms. McDonald explains that the motion to override the Commission's policy regarding accepting an incorporation proposal that includes territory within an existing sphere will indicate that BIC can file a Notice of Intent to Circulate a Petition, circulate that petition and then have six months from the date the first signature is affixed to turn in a valid petition containing 25% of the registered voters within the incorporation area. She says that once the sufficiency of the petition has been verified, BIC will be required to fund the CFA that the Commission will direct be prepared. She says an outside consultant will be hired to do that study, which will then be presented to the Commission. Commissioner Luellig comments that part of his motion is that BIC put the money up front. Commissioner Colven asks whether the consultant's analysis will be an "up or down, yes or no" conclusion or a mass of information that will have to be sifted through. Ms. McDonald responds that, as was done in the analysis for Menifee Valley, the consultant presented conclusions. However, she says the ultimate determination will be made by the Commission. Commissioner Luellig says the report has to show financial viability or the Commission cannot approve the incorporation.

Commissioner Cox asks whether LAFCO staff will handle the distribution of the Request for Proposal (RFP) and selection of a consultant. Ms. McDonald responds that the Commission will issue the RFP and then will be presented with a recommended choice of consultant and she says the ultimate cost will be determined in the RFP process, based on the scope of work. Commissioner Cox asks if once the RFPs have been submitted and BIC knows what the costs will be, BIC could decide not to proceed. Ms. McDonald responds that since BIC would have initiated the petition process indicating that incorporation should move forward, it would be up to the Commission to indicate that, without the funds available to move forward with the CFA, the incorporation would be denied without prejudice. Commissioner Cox comments that she thinks the Commission understands that this will be an uphill battle for the community, but the Commission feels they should have the right to do this. Ms. McDonald states that the motion is to override the policy and accept the incorporation proposal without reducing Fontana and Rialto's spheres, indicating that BIC will be obligated to bear all the costs. In response to inquiry of Vice Chairman Colven, Ms. McDonald states that BIC will pay the Commission for the preparation of the CFA and BIC will be provided with an estimate of that cost.

Commissioner Sedano asks Special Counsel Goldfarb whether anything has been missed in this discussion. Mr. Goldfarb says that he does not have a problem from a legal standpoint with the Commission waiving its policy. He says the CFA will be administered somewhat like how the environmental assessment will be done, under the auspice of LAFCO, funded by BIC, and then reviewed by the Commission. He says it sounds like the application for the sphere reductions and for the incorporation proposal will be heard at the same time. Ms. McDonald says that LAFCO 2981 will be placed on hold. She asks whether the Commission wants to have a time period by which BIC should

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submit its application, noting that once BIC submits its Notice of Intent to Circulate a Petition to LAFCO, they are authorized to begin circulating the petition. She says that once they have the first signature on the petition, they have six months to obtain the required signatures. Commissioner Luellig says that 30 days seems to be a reasonable amount of time to give BIC to initiate the process. Ms. McDonald explains that her concern is that BIC actually start the process so that within one year, if no incorporation is submitted, the Commission could make some recommendation regarding LAFCO 2981. She says she thinks that if the Commission gave BIC one year from today to submit the incorporation application, that should be sufficient. Consensus regarding the one year time frame is noted.

Mr. Davenport says that Commissioner Luellig said he was against the sphere removals if that would stop developers from applying for annexation. He says if any annexations take place, incorporation will be a moot point because Bloomington will lose some of its money and could be annexed into oblivion. He asks if that is Commissioner Luellig's way of getting BIC out of the way. Commissioner Luellig responds that he is trying to be fair but he says he does not believe the rights of property owners should be stampeded and says there may be a property owner who does not want to be part of Bloomington. Mr. Davenport responds that the residents who buy those properties should be able to make that call, not the property owner.

Commissioner Cox says she is very concerned about the environmental review process as far as the issue of stranded infrastructure and the requirement to reimburse for stranded infrastructure. She says that will be covered in the environmental report discussed by Mr. Dodson and she asks at what point will that report be required. She says that while the first step is feasibility, equally important is the liability component that will be embodied in the environmental report. Ms. McDonald says the CFA and environmental review must come hand-in-hand. She explains that the incorporation proposal will have a CFA and environmental review and says there will have to be a discussion regarding the Cities' facilities and planning for the two Cities that are part of the sphere reduction. She says that was why she cautioned about the cost, since the other two incorporations used for comparisons in the staff report did not address these kinds of complexities. She says that once the CFA has been prepared by the consultant and presented to the Commission, there will need to be an environmental assessment prepared, based on the CFA.

The question is called for. Vice Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, Cox, Luellig, Pearson. Noes: None. Abstain: Biane, Gonzales, Williams. Absent: Hansberger and Nuaimi (Luellig voting in his stead).

Discussion follows with some of the Bloomington residents discussing that their rights are being taken away and they are being forced into being annexed because of the State legislation regarding islands or because a developer/property owner wanting to annex has more land value. Commissioner Luellig discusses that he understands, but he says he believes the Commission has struck a fair balance. He adds that he thinks that in the long run, they will spend a lot of money for nothing; but he says that is their right.

PENDING LEGISLATION

No report is provided.

EXECUTIVE OFFICER'S ORAL REPORT

Ms. McDonald reports that on the March 15 agenda will be the consideration of LAFCOs 2987 and 2988, a sphere review for the Crestline-Lake Arrowhead Water Agency (CLAWA) (expansion) and San Bernardino Valley Municipal Water District (reduction) and concurrent annexation to CLAWA. She states that the environmental review documents required for the Commission's decision on those proposals have been presented to the Commission today. She reports that the March agenda will also include the continued consideration of LAFCO 2919 and a Workshop Session related to the proposed formation of

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the Helendale Community Services District. She reports that the April 19 agenda will include the preliminary review of budget matters and the interviews for the Public Member position. She says the consideration of the dissolution of Parker Dam Recreation and Park District may also be on the April agenda.

COMMISSIONER COMMENTS

No comments are provided.

COMMENTS FROM THE PUBLIC

Chairman Biane calls for comments from the public.

Pam Geil, a Bloomington resident, states that many people that are part of BIC's incorporation effort live in areas that are included in the City of Fontana's proposed island annexations. She says the concern is that by leaving these areas in Fontana's sphere of influence, they can be annexed. She says these areas are tax base for Bloomington and these people want to remain in Bloomington, not be annexed. She says that even though Rialto is not seeking annexation at this time, eventually people will be "sucked into annexation" even though they do not want to be a part of Rialto. She says that remaining within Rialto and Fontana's sphere is detrimental; that Rialto charges an 8% utility tax on residents, so those being annexed will be charged that utility tax. She says that up until 1980, Bloomington had its own sphere, so she says the community can build on that as a city.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS
ADJOURNED AT 1:00 P.M.**

ATTEST:

DEBBY CHAMBERLIN
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

PAUL BIANE, Chairman