

# LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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**DATE:** MAY 7, 2012

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**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT:** Agenda Item #8: Service Reviews for the Twentynine Palms and Wonder Valley Communities

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**INITIATED BY:**

Local Agency Formation Commission for San Bernardino County

## **INTRODUCTION**

San Bernardino LAFCO has chosen to undertake its Service Reviews on a regional basis. The Commission has divided the county into five separate regions, with the South Desert region generally encompassing the communities of Morongo Valley, Yucca Valley, Joshua Tree, Twentynine Palms, Wonder Valley, Homestead Valley, Needles, Big River, and Baker.

This report contains service reviews and sphere of influence updates for the Twentynine Palms and Wonder Valley communities, which includes the community-based agencies of the City of Twentynine Palms, Twentynine Palms Water District, and Twentynine Palms Cemetery District. This report also includes service reviews for zones to County Service Area 70 that provide television services (Zone TV-4 and Zone TV-5) and a zone related to the community of Wonder Valley that provides road and park and recreation services (Zone M) and a zone to the San Bernardino County Fire Protection District (Zone FP-4).

The information presented in the Financial section of this report for the Twentynine Palms Water District identifies a significant deficiency in funding concluding that the Water District's fire operations are unsustainable as presently financed. Therefore, it is LAFCO staff's opinion that the community needs to consider a change in governance for its fire service. This issue is discussed in detail in the Twentynine Palms Water District's service review.

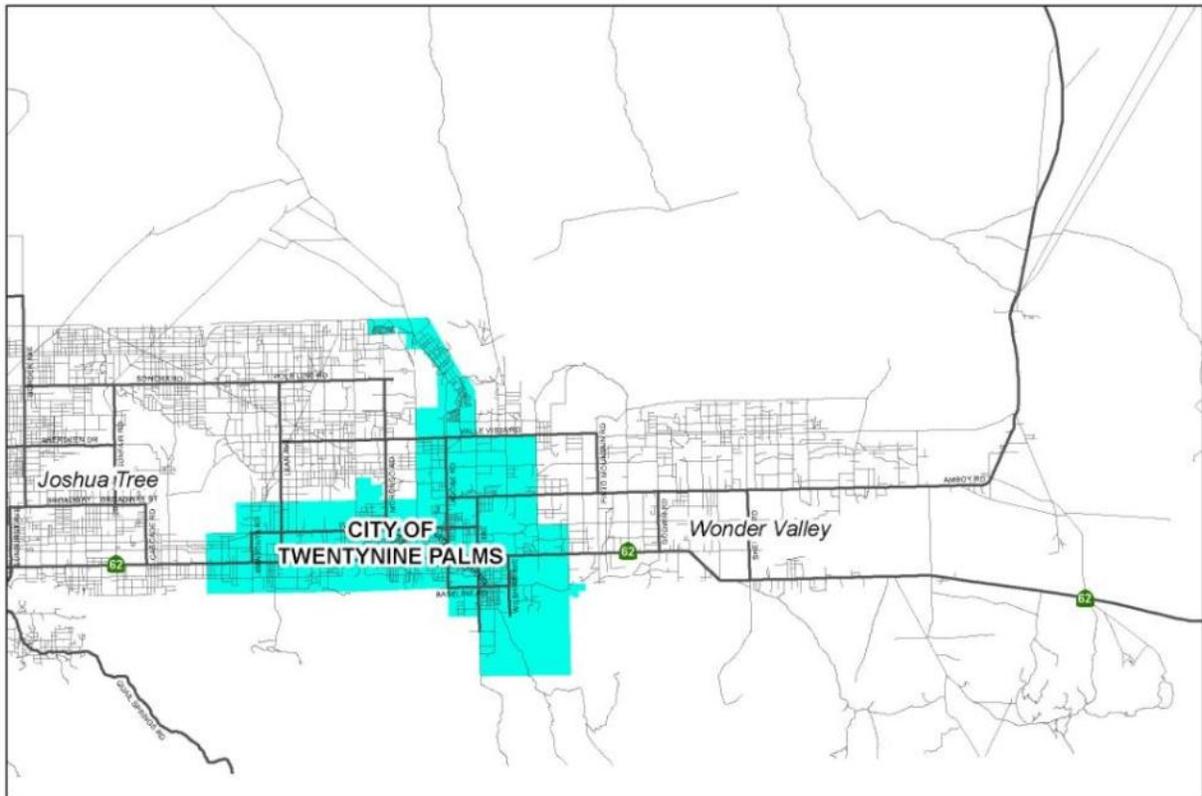
This report revisits the Commission's definition of the Twentynine Palms community and is organized as follows:

- Location and Description – describes the study area and the underlying agencies
- Community History – provides a brief history of the community
- Community Discussion – revisits the Commission's community definition with options and staff recommendations
- Review of Regional and Community Services – a summary review of the services not provided by an agency under this review to include ambulance and airport services.
- Twentynine Palms Community - Service reviews and sphere of influence updates
  - City of Twentynine Palms
  - Twentynine Palms Water District
  - Twentynine Palms Public Cemetery District
  - County Service Area 70 Zone TV-5 (service review only)
- Wonder Valley Community – Service reviews
  - County Service Area 70 Zone M
  - County Service Area 70 Zone TV-4
  - San Bernardino County Fire Protection District Zone FP-4
- Additional Determinations
- Recommendations for Commission Action
- Attachment Listing

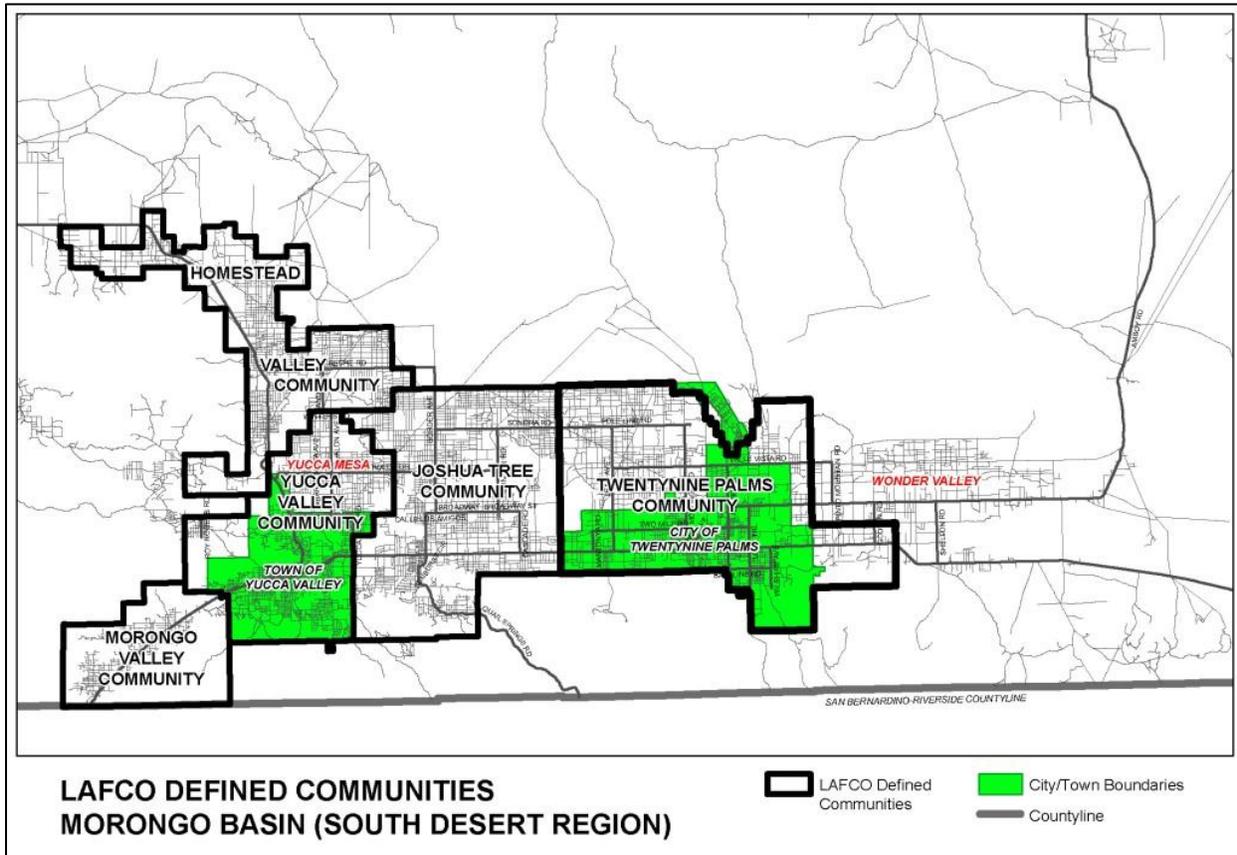
## **LOCATION AND DESCRIPTION**

### **Location**

The overall service review and sphere study area is generally situated in the Commission's defined South Desert Region at the eastern end of the Morongo Basin, approximately 90 miles east of San Bernardino and 55 north of Palm Springs by car. State Route 62 (Twentynine Palms Highway) traverses through the community which is east of the LAFCO defined Joshua Tree community and north of the Joshua Tree National Park. The study area includes the incorporated and unincorporated Twentynine Palms community and the unincorporated community commonly known Wonder Valley (map below identifies the communities).



Below is a map illustrating the LAFCO defined communities in the Morongo Basin area of the South Desert region including the current Twentynine Palms community, a copy of which is included in Attachment #1.



## Description

The community serves as one of the gateways to Joshua Tree National Park, which was designated as a national monument in 1936 and a national park in 1994. The park area was originally inhabited by the native Serrano, Chemehuevi, and Cahuilla Indian tribes and later used for cattle grazing and mining. The park includes 501 archaeological sites and 88 historic structures and contains 123,253 items within its museum collection. According to United States Park Service, a total of 1,397,553 persons visited the National Park in 2008, of which 22.9% of park visitors accessed the National Park through the City of Twentynine Palms.

One special status vegetation type, desert fan palm oasis, is located within the eastern area of the community. Oases provide water, palm fruit, and shade to desert wildlife species during the long, hot desert summers. Sixteen special status plants are known to or may potentially exist within the community. None are listed as either endangered or threatened but are listed by the California Native Plant Society.

Multiple dry lake beds dot the community, most notably Mesquite Lake, Cones Lake and Shortz Lake.

## Public Service Providers

The Twentynine Palms and Wonder Valley communities are served by multiple public agencies. Regional service providers include:

- County Service Area 70 (multi-function, unincorporated county-wide) and its various zones for localized service
- Hi-Desert Memorial Healthcare District
- Mojave Desert Resource Conservation District
- San Bernardino County Fire Protection District and its South Desert Service Zone
- San Bernardino County Flood Control District
- Twentynine Palms Public Cemetery District

The community-based agencies providing services to the residents and landowners are listed below and shown on the map which follows, organized by area:

City of Twentynine Palms – This City is the municipal agency in the Twentynine Palms community and actively provides road maintenance and park and recreation services. Its boundaries encompass approximately 59 square miles (shown as black outline on the map).

Twentynine Palms Water District – This agency actively provides retail water and fire protection services within its boundaries. Its boundaries encompass approximately 89 square miles (shown as yellow hatching on the map). The area includes incorporated and unincorporated area. The District's boundaries and/or sphere of influence do not include the portion of the City that is within the Twentynine Palms Marine Corps Base.

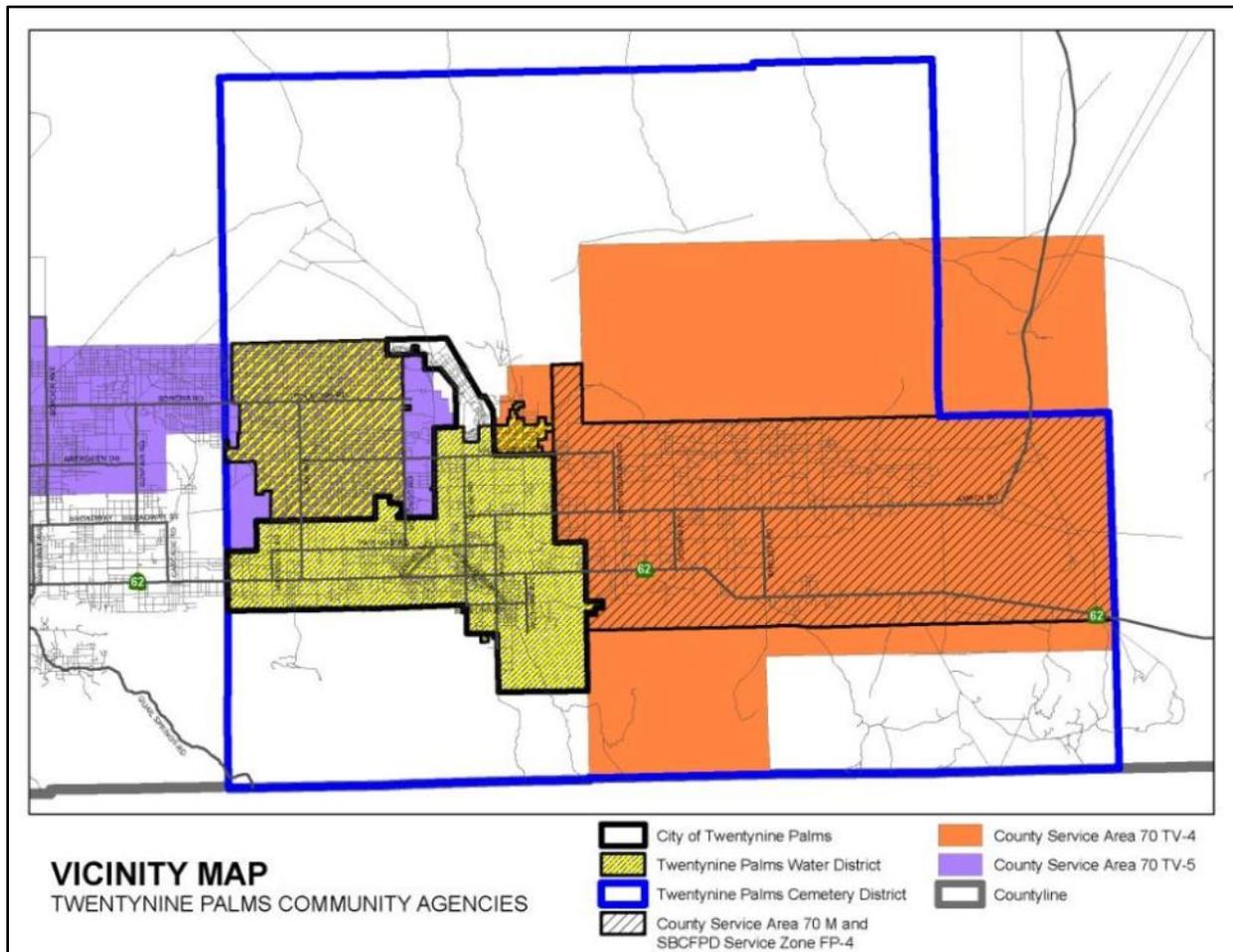
Twentynine Palms Cemetery District – This agency provides interment services to the Twentynine Palms and Wonder Valley communities (shown in blue outline on the map). Its boundaries encompasses approximately 650 square miles.

County Service Area 70 Zone TV-5 (Mesa) – This agency provides low power television translator service within its boundaries (shown as purple shade on the map). Its boundaries encompass approximately 186 square miles. The area includes the northern unincorporated Twentynine Palms community including other areas such as Yucca Mesa (the northern Joshua Tree community area) and Flamingo Heights and Landers (within the Homestead Valley community), which are outside of the study area.

County Service Area 70 Zone M (Wonder Valley) – This agency exists as a mechanism to provide augmented road maintenance service and as the primary park and recreation services provider within its boundaries (shown as black hatching on the map). Its boundaries encompass approximately 135 square miles defined as the Wonder Valley community.

County Service Area 70 Zone TV-4 (Wonder Valley) – This agency provides high power television translator service within its boundaries (shown as orange shade on the map). Its boundaries encompass 284 square miles, which includes all of the Wonder Valley community and more.

San Bernardino County Fire Protection District Zone FP-4 (Wonder Valley) – This agency exists as a mechanism to provide fire protection services within its boundaries (boundaries are the same as CSA 70 M, shown as black hatching on the map). Its boundaries encompass approximately 135 square miles defined as the Wonder Valley community.



## **COMMUNITY HISTORY**

The following historical description of Twentynine Palms is taken and summarized from the City's FY 2011-12 Budget.

The community is situated within the area historically occupied by Native American groups generally referred to as the Serrano and the Chemehuevi. The Serrano occupied an area in and around the San Bernardino Mountains. Their territory extended west into the Cajon Pass, east as far as Twentynine Palms, north past Victorville, and south to the Yucaipa Valley. Their habitation sites required year-round water sources and tended to be located out on the desert floor, at the base of the mountains, and up into the foothills.

The Chemehuevi arrived in the Twentynine Palms area at the Oasis of Mara probably around 1870. The Chemehuevi are Southern Paiutes whose territory extended off the lower Colorado toward the west. The Morongo Band of Mission Indians of the Morongo Reservation was established through presidential executive orders in 1877 and 1889. Since then, most Serrano have lived either on the Morongo or San Manuel reservations. The reservation includes both Cahuilla and Serrano that totaled 1,097 tribal members in 2004. The reservation covers 32,718 acres.

The effects of mission influence upon the local native populations were devastating. The reorganization of their culture alienated them from their traditional subsistence patterns and social customs. European diseases, against which the natives had no immunities, reached epidemic proportions and populations were decimated.

Twentynine Palms was purportedly named for the palm trees located at the Oasis of Mara. Due to the abundance of fresh water and foliage, the oasis attracted people over a long period of time. When Colonel Henry Washington, Surveyor for the United States government land office arrived in 1855, primarily the Chemehuevi occupied the Oasis. The gold prospectors who followed in the 1870s used the Oasis as a campsite. Because of the area's clean dry air and elevation, Dr. James B. Luckie established a retreat for people afflicted with respiratory and heart problems in the 1920s.

During World War II, the area became important to the U.S. Army and the U.S. Navy, who practiced bombing and held aviation training exercises over Twentynine Palms. In 1952, the United States Marine Corps began to build a base which today is called the U.S. Marine Corps Air Ground Combat Center, the largest Marine Corps base in the United States.

Twentynine Palms was incorporated as a City in 1987.

A brief history of the major governmental events for this community and its relationship with the Local Agency Formation Commission is described below, listed chronologically by end date:

- 1934 The County Board of Supervisors and the electorate approved the formation of the Twentynine Palms Public Cemetery District as an independent special district to provide cemetery service in the Twentynine Palms, Wonder Valley, and outlying areas, utilizing the boundaries of the Twentynine Palms Judicial Township.
- 1938 The County Board of Supervisors and the electorate approved the formation of the Twentynine Palms Park and Recreation District as a board-governed special district to provide park and recreation service in the Twentynine Palms and Wonder Valley areas.
- 1954 Prior to 1954, the Twentynine Palms area was served water by three privately owned water companies: (1) Abell Water Company, (2) Condor Mutual Water Company, and (3) Pacific Water Company. In 1954 the Twentynine Palms County Water District was formed and immediately purchased the three water companies. Their wells, storage facilities, and piping served as the initial water system for the District.
- 1958 The Twentynine Palms County Water District began to provide fire protection services, under the name Twentynine Palms Fire Department, after the California Department of Forestry ceased providing local fire protection.
- 1969-70 Landowners within the community submitted an application to incorporate the City of Twentynine Palms (LAFCO 739). The proposal included formation of the City of Twentynine Palms, dissolution of the water district and the county service areas and assumption of those duties by the City, and detachment of the city area that overlapped the park and cemetery districts. The Commission approved the application with a condition to form a reorganization committee to consider matters that affected the various overlapping districts (LAFCO 758). Following Commission approval, the County Assessor determined that the proponents' petition did not meet required threshold to place the matter of incorporation on the ballot.
- 1971 During 1971 three competing proposals for realignment of healthcare services were submitted to the Commission. The Hi-Desert Memorial Hospital District submitted an application in June of 1971 to include annexation to Hi-Desert Memorial Hospital District and detachment from Twentynine Palms Hospital District of all but one section of the then existing Twentynine Palms Hospital District (LAFCO 1029), the Twentynine Palms Hospital District submitted an application in October of 1971 to reorganize the agencies through creation of a new Hospital District (LAFCO 1058), and the Joshua Tree community submitted an alternative identified as "Plan 3" to reorganize the districts to equally split the Morongo Basin in October of 1971 (LAFCO 1075). The three proposals were submitted to a Reorganization Committee made up of members from each Hospital Board of Directors which was to present a recommendation to the Commission.

The generally stated reason for the applications was to reduce two similar and adjacent districts into one and to allow for the construction of a new centrally located hospital. The general approach of consolidation of resources and the creation of one new hospital was supported by both hospital district boards, the San Bernardino County Comprehensive Health Planning Council, the County Health Department, and the Reorganization Committee. A reading of the staff reports including the Reorganization Committee Report indicates considerable support and opposition by the community at the outset. Towards the end there was general support, but there was disagreement as to the implementation details, most importantly the disposition and transfer of monies and assets of the predecessor agencies. After considering the applications and alternative implementation plans, the Commission approved the District's proposal for reorganization through annexation (LAFCO 1029).

1972

The Commission established the spheres of influence for:

- Twentynine Palms County Water District (LAFCO 1180). The Commission established sphere of influence for Twentynine Palms County Water District and utilized the district's sphere as the definition for the community.
- Twentynine Palms Cemetery District (LAFCO 1178) and Twentynine Palms Park and Recreation District (LAFCO 1179). Being regional service providers including service to areas adjacent to the Twentynine Palms community, the Commission determined that the spheres be the same as those used for the Twentynine Palms County Water District. The staff report for these items identifies that such a sphere designation would indicate that a centralized general government may take over the function of the districts at a later date.
- County Service Area 8, a streetlighting entity. (LAFCO 1181) as coterminous with its boundaries.

1973

From the reorganization proposal in 1971 that detached the bulk of the Twentynine Palms Hospital District, a small uninhabited portion was retained for the potential future uses in the area as the community might desire. However, no final action was taken by the district and an election for director membership during the preceding election did not occur. In light of this, the County Board of Supervisors initiated an application to dissolve the district which the Commission approved (LAFCO 1373).

1976

When special districts were seated on San Bernardino LAFCO, all special districts were limited to the functions/services actively provided at that time. The affected districts responded to LAFCO's request to list their active functions and services by providing the following:

- The County identified to LAFCO that the active function for Twentynine Palms Park and Recreation District was park and recreation.
- Twentynine Palms Cemetery District identified to LAFCO that the active function was cemetery.
- Twentynine Palms Water District identified to LAFCO that the active functions were water and fire with acknowledgement that it was offered a grant for sewer.

Pursuant to adoption of the *Rules And Regulations of the Local Agency Formation Commission for San Bernardino County Affecting Functions and Services of Special Districts* in 1976 and amendments thereafter, the functions and services active for districts have been specified on the document entitled "Exhibit A" and the procedures required to apply to the Commission for activation of any other latent powers have been defined.

1985-87 In 1985, the Twentynine Palms Water District took action to deny the hauling of water for uses outside of its boundaries, effective in 1989, in response to changes in the Water Code. In response to the board's action, residents and voters in the area petitioned the district for annexation in order to continue to receive hauled water. In 1986, the district initiated an application to expand its sphere by 75 square miles (LAFCO 2406) and annex 25 square miles within five separate areas which was commonly known as the "Lear Avenue Annexation" (LAFCO 2400). The purpose of the annexations was to plan to provide water (which an assessment district would be formed to eventually pipe water to the area) and fire protection services to the area.

LAFCO staff modified the proposal boundary, with district consent, to provide a more recognizable boundary. The revised boundary consisted of 40 square miles. According to the staff report for this item, the vast majority of the residents of the area favored the proposal, and the majority of absentee landowners or holders of large vacant parcels opposed the proposal. In response to the opposition from absentee and vacant landowners, the district's proposed assessment district would only include the basic lands whose owners desire water improvements. The Commission approved the proposals as modified.

In 1987, LAFCO received two requests for reconsideration that questioned the veracity of the environmental processing. The Commission directed staff to rectify the discrepancies in the environmental processing, and at a subsequent hearing the Commission denied the request for reconsideration and took the appropriate actions to approve the proposals, as modified.

1987 Registered voters, through citizens group advocating incorporation, gathered adequate signatures and submitted a reorganization application to incorporate the City of Twentynine Palms, dissolve County Service Area 8, and detach from County Service Area 70 (LAFCO 2427). LAFCO held a

community workshop on the incorporation which was attended by numerous residents. The Commission approved the proposal on the basis that: 1) the area is a recognizable community; 2) the area is so far away from the seat of county government, that self-governance is warranted; 3) the boundaries adequately reflect the community; and 4) the area has a demonstrated ability to provide service at a lower cost than other urban areas. Following Commission approval, the County Board of Supervisors ordered that the question for the reorganization be placed on the November election. The measure passed with 52% of the vote (980 for, 894 against). Effective November 23, 1987, Twentynine Palms became a city.

1988 One year after the City's incorporation, the Commission initiated a proposal to establish the City's sphere of influence (LAFCO 2481). With the Joshua Tree community contiguous to the west and the Joshua Tree National Park contiguous to the south, it was determined that future expansion would be limited to the north and east. The Commission established the sphere to include the area within the corporate boundaries of the City and one mile beyond those boundaries to the east and north.

1990 The City initiated an application to expand its sphere of influence in two separate areas (LAFCO 2613). The City cited as its primary motivation for the sphere expansion a desire to work with the County and local residents in reference to future land use and the protection and enhancement of existing uses. The City had no specific plans for the areas at that time, but recognized the area's potential and wanted to be informed of and consulted in the land use decisions that take place. The first area is known as the Cooper Area – 2.5 square miles north of the then existing City sphere and east of the Marine Corps Base. The second area is known as the Airport Area – nine square miles east of the then existing sphere and west of Steeg Road.

In keeping with the Commission's community-by-community approach to spheres of influence and community identification, LAFCO staff expanded the proposal to include a sphere expansion for the Twentynine Palms Water District in the Airport Area (the Cooper Area was already within the water district).

Many in the Airport Area expressed written and oral opposition to the sphere expansions in the Airport Area. The opponent's concerns generally fell into four categories:

- Possible change of jurisdiction
- Possible effect on land use
- Possible adverse impact on the existing lifestyle
- Eventual annexation to the City

The Commission approved the proposal as modified by staff on the basis that the sphere expansion would encourage communication between the County

and the City on land use issues and obligate the City to begin a planning process that would involve the local residents in the area.

- 1990-91 The County Board of Supervisors, as the governing body, initiated an application to detach the County Service Area 70 Zone M area from the boundaries of the Twentynine Palms Recreation and Park District (LAFCO 2636). As a function of the proposal, ownership of the Wonder Valley community center transferred to CSA 70 Zone M, along with the responsibility for continued operations and maintenance of the facility. Additionally, the proposal included the transfer of property taxes from the Park District to CSA 70 Zone M. Proponents from Wonder Valley stated that the proposal would promote the development of park and recreation programs which would be more responsive to local needs. The Commission approved the proposal as submitted.
- 1992 The County Board of Supervisors, as the governing body of the Twentynine Palms Recreation and Park District, transferred jurisdictional responsibility for the District to the City Council of the City. Since virtually all of the program and budget decisions primarily affected the citizens of the city, it was felt that those decisions could be better rendered at the local level. Records could not be obtained by LAFCO staff to document the transfer process, no proposal for subsidiary district status was provided.
- 1993 As the governing body of the Twentynine Palms Recreation and Park District, the City submitted an application to dissolve the district (LAFCO 2752). The main reason for the proposal was for the possibility for the City to receive the special district augmentation revenue that went to the district<sup>1</sup>. In addition, the City cited that economies of scale could be realized. Additionally, the proposal included the transfer of property taxes from the Park District to the City. The Commission approved the proposal with the condition that the City was required to continue to provide park and recreation services for residents in the outlying areas of the district.
- 1994 Residents in Wonder Valley formed a group to examine incorporating the Wonder Valley community as a city, and a community meeting with LAFCO staff was held to understand the feasibility and statutory requirements for incorporation. Understanding that a community services district was a more feasible option, the community group inquired as to the process for district formation. There are no additional records available through LAFCO regarding this effort; no formal application was submitted.

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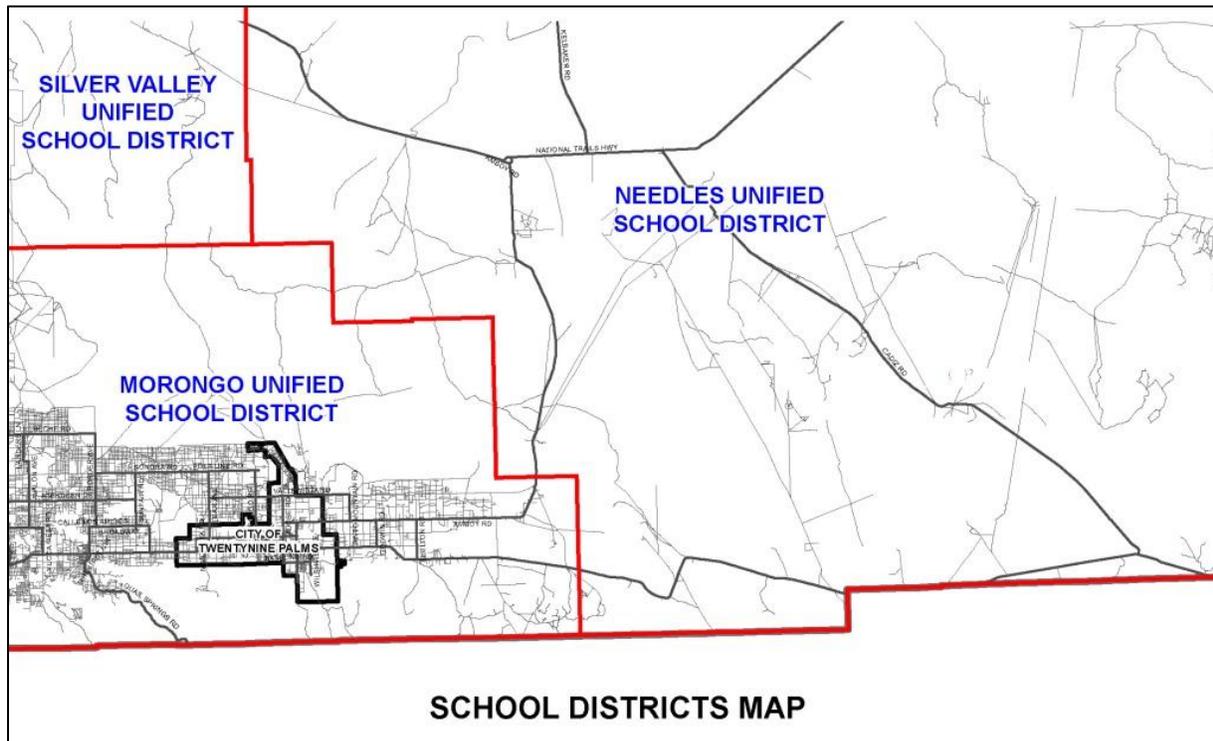
<sup>1</sup> Soon after passage of Proposition 13 in 1978, the state provided revenue to special districts to bail-out non-enterprise functions. In FY 1979-80 the state adopted a permanent bail-out measure which established the Special Districts Augmentation Fund. Under the law at that time, the full amount of property tax revenue of the District would transfer to the City without reference to the augmentation fund. However, in 1993 the state was considering reducing or even eliminating the augmentation fund which prompted the City need to act on the application to LAFCO.

- 1999 The City initiated an application to expand its sphere of influence with concurrent annexation of the residential portion of the Marine Corps Base, comprising 3.9 miles (LAFCO 2855 and 2856). The purpose of the annexation was to increase the City's population through inclusion of military personnel residing in on-base housing, which would increase the revenues distributed to the City through various State subventions, particularly Motor Vehicle in Lieu revenues, while not incurring service or land use obligations on the military base.
- 2008 The reorganization of the San Bernardino County Fire Protection District (LAFCO 3000), effective July 1, 2008, included the transfer of responsibility for fire services from County Service Area 70 Zone M (serving the Wonder Valley area) to a new Service Zone FP-4 of the newly reorganized San Bernardino County Fire Protection District ("County Fire") along with the formation of the regional South Desert Service Zone. Included in the transfer was all of the ad valorem property tax from CSA 70 Zone M and the special tax for the provision of fire protection service within the Wonder Valley Community from CSA 70 Zone M.

## **TWENTYNINE PALMS COMMUNITY DISCUSSION**

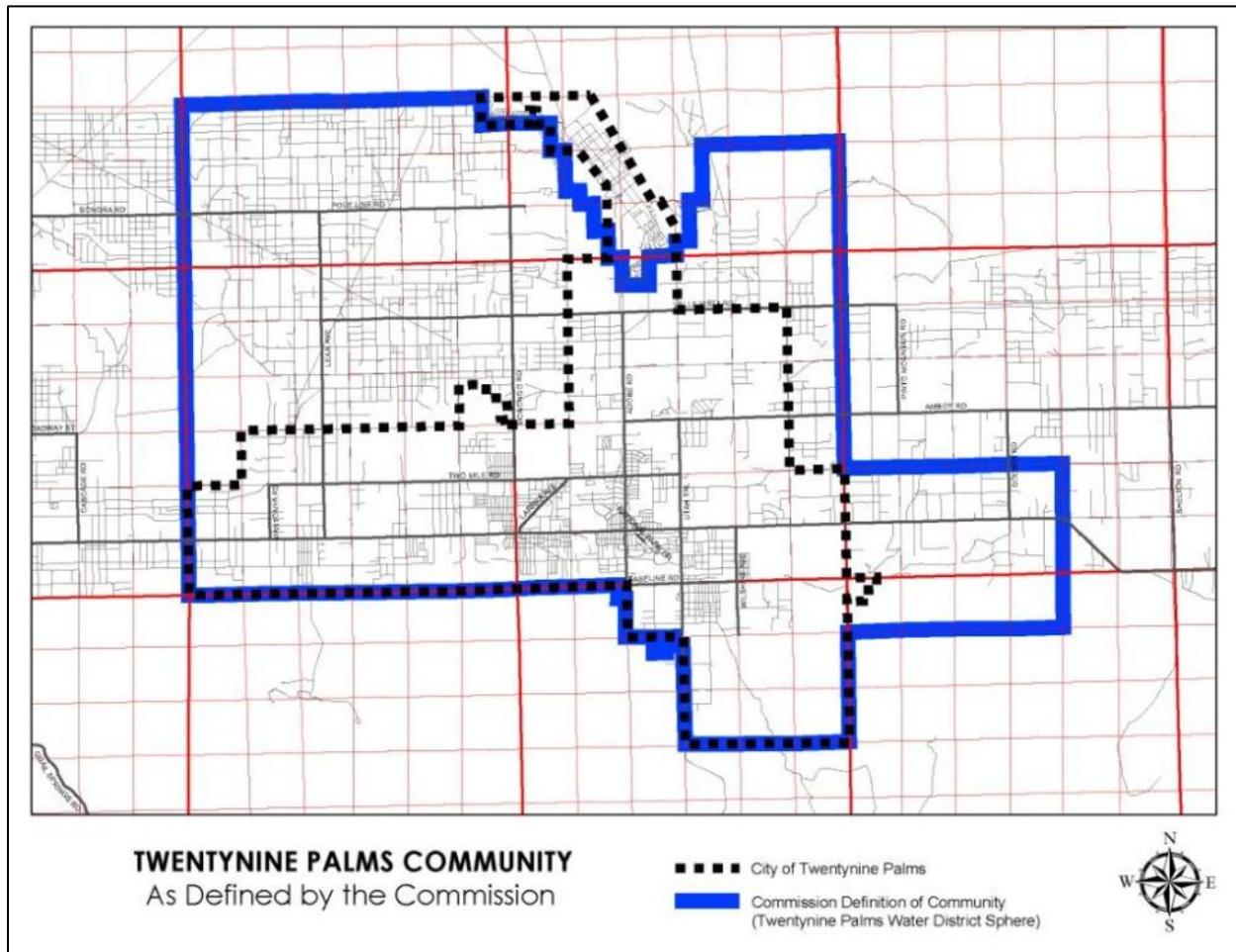
The Commission's policy guidelines for spheres of influence outline its strategy to utilize a "community-by-community" approach to consideration. This practice requires the Commission to look at the whole of the community as defined by the existence of inter-related economic, environmental, geographic and social interests. The Commission's concept is to define a community and adjust the spheres of influence for all related service providers to that community. Such a determination provides direction to both current and future residents as to the agencies designed to serve them.

School districts are social focal points for many communities. The Morongo Unified School District (USD) overlays the Twentynine Palms and Wonder Valley communities. Due to the regional nature of the USD, it does not provide additional information in relation to the definition of the communities; except to note that it serves within and beyond the LAFCO defined Twentynine Palms community.



Since 1972, the Commission has defined the Twentynine Palms community as the sphere of influence for Twentynine Palms County Water District. At that time, the Commission determined that the spheres for Twentynine Palms Cemetery District and the former County Service Area 8 be the same as those of the Twentynine Palms County Water District. Subsequent sphere expansions for the Twentynine Palms Cemetery District have not occurred since then, thus its sphere of influence today remains as originally established. In 1988, one year after the City's incorporation, the Commission established the City's sphere to include the area within the corporate boundaries of the City and one mile beyond those

boundaries to the east and north. However, the Commission's Twentynine Palms community definition remains as the sphere of Twentynine Palms Water District.



## Revisiting the Commission's Community Definition

### Community Definition

Within the community, other service providers include the City of Twentynine Palms and the Twentynine Palms Cemetery District. The Twentynine Palms Cemetery District is the largest public service provider; however, its service is not one that is reflective of a community (in contrast to fire, water, or civic activities). For the Water District and the City, the Water District includes area not within the City's boundary, remains as the larger entity, and actively provides service to a larger area. Therefore, staff's position is that the Commission's historical Twentynine Palms community definition remains – as the sphere of the Twentynine Palms Water District, with minor modifications (reductions) along its southern sphere area to remove the government-owned lands within the Joshua Tree National Park.

To accomplish the Commission's policy directives to incorporate the community definition into the sphere of influence program, LAFCO staff recommends modifications to each agency's sphere in each agency's respective "Sphere of Influence Update" section. Among the recommendations are:

- Sphere expansion and reductions for the City of Twentynine Palms to encompass the Twentynine Palms community, as defined by the Commission (with the exception of the City's existing sphere area within the Marine Corps Base);
- Sphere reductions for the Twentynine Palms Water District; and,
- For the Twentynine Palms Cemetery District, sphere expansions and reduction to coincide with the Commission's definition for the Twentynine Palms community and the remainder of the Wonder Valley community, as reflected by the boundaries for County Service Area 70 M or the San Bernardino County Fire Protection District (SBCFPD) Service Zone FP-4.

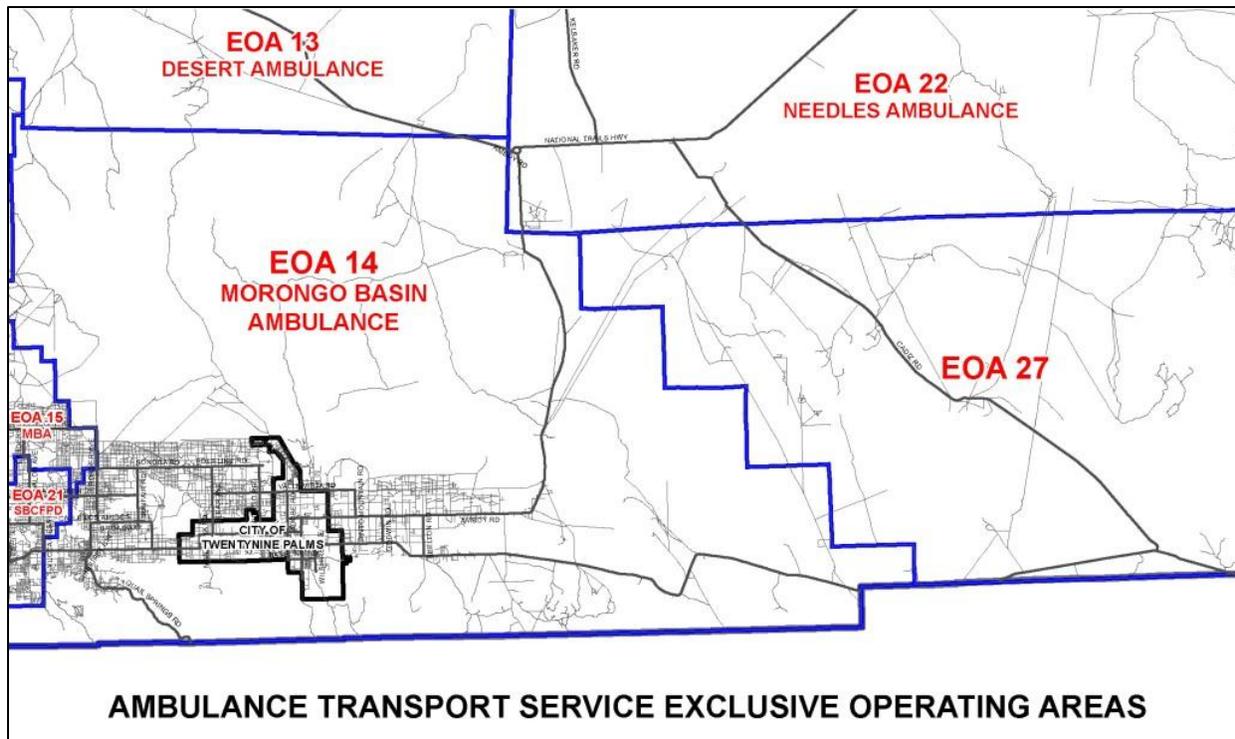
Government Code Section 56076 defines a sphere of influence as a "plan for the probable physical boundaries and service area of a local agency, as determined by the commission". Regardless of which option the Commission chooses, it would not affect any agency's current boundary or service delivery as no change in jurisdiction would take place.

## **REVIEW OF REGIONAL AND COMMUNITY SERVICES**

Water, fire protection, parks and recreation, roads, the potential for wastewater service, and cemetery services are discussed in the service reviews for the respective agencies in this report. The following provides summary information that is regional in nature on the other services that are provided within the community.

### **A. Ambulance**

Medical response and ambulance services in the community are provided by the Morongo Basin Ambulance Association (“MBA”), a community-based, non-profit, non-tax supported association. MBA Exclusive Operating Area (“EOA”) #14 includes the communities of Twentynine Palms and Wonder Valley. The MBA has two units in Twentynine Palms at their station immediately south of the main Fire Station on Adobe Road. When an emergency call is dispatched through to the Fire Station, the MBA is also notified at the same time. The two ambulance units in Twentynine Palms are manned twenty-four hours a day, seven days a week, with emergency response personnel that are State-certified. The MBA have two additional ambulance units manned full time in the Morongo Basin area; and an additional four ambulances that can be manned in short order as needed. Air ambulance service, if necessary to airlift a patient to a hospital, is provided in the area by Mercy Air Service.



## **B. Airport**

The Twentynine Palms Municipal Airport is located south of Twentynine Palms Highway approximately 1.5-miles east of the City's eastern boundary. The airport is a public use facility operated by the County of San Bernardino. The airport does not have a control tower. Fuel is available at the airport for purchase.

According to the FAA, the airport consists of two paved lighted runways. The airport can accommodate virtually all general aviation aircraft with a maximum takeoff weight of 12,500 pounds or less. As of 2006, approximately 18,000 annual operations (inbound and outbound flights) take place at the airport. Due to limited access to water resources, there are no anticipated plans for expansion or additional improvements to the airport.

Individual agencies will be reviewed in the remainder of this report to address the factors required for a service review as outlined in Government Code Section 56430 and an individual sphere of influence update as mandated by Government Code Section 56425. These determinations will include growth projections, information required for disadvantaged unincorporated communities, review of services provided, financial ability to provide services, opportunities for shared facilities, and government structure.

## **CITY OF TWENTYNINE PALMS**

### **Service Review and Sphere of Influence Update**

#### **INTRODUCTION:**

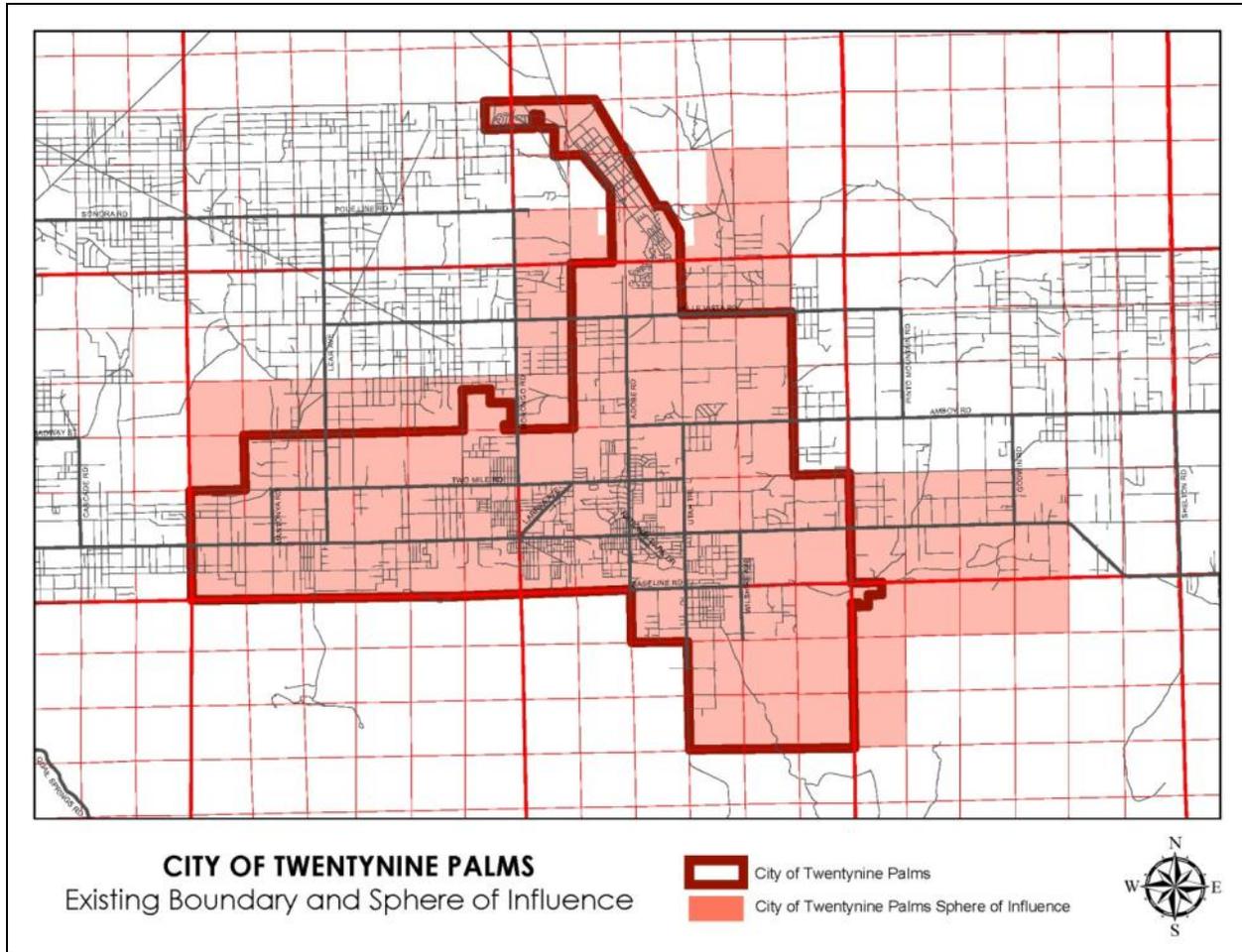
LAFCO 3101 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the City of Twentynine ("City").

The City incorporated in 1987 following both LAFCO and local voter approval. The city operates under the council-manager form of government. Five council members are elected at large for four-year overlapping terms with the mayor chosen on an annual basis by the members of the city council.

As discussed in the City's Sphere of Influence Update section in this report, staff is recommending modifications to the City's sphere of influence to coincide with the Commission's definition for the Twentynine Palms community (with the exception of the City's existing sphere area within the Marine Corps Base). The modifications include reducing the City's existing sphere of influence by approximately 1,280 acres and expanding its sphere of influence of approximately 23,810 acres.

#### **LOCATION AND BOUNDARIES:**

The service review and sphere of influence update study area encompasses approximately 89 square miles (59 square miles of which is the city boundary including 3.9 square miles of the Marine Corps Air Ground Combat Center) and is located in the south desert region of the County. The study area is generally bordered by the Joshua Tree National Park on the south, a combination of section lines and the Joshua Tree Community Plan on the west, a combination of section lines and parcel boundaries (including the residential portion of the Twentynine Palms Marine Corps Base) on the north, and the Wonder Valley community as defined by the boundaries of County Service Area 70 Zone M on the east. A map of the City and its current sphere is shown below and is included as a part of Attachment #2.



## ***CITY OF TWENTYNINE PALMS SERVICE REVIEW***

In 2003, LAFCO adopted the Governor's Office of Planning and Research (OPR) Municipal Service Review Guidelines by reference for its use during the conduct of service reviews. These Guidelines provide a step-by-step approach to understanding the service review process as set for by Government Code Section 56430 as well as factors that LAFCO may wish to address in its service review of an agency.<sup>2</sup>

At the request of LAFCO staff, the City prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response to LAFCO's original and updated requests for materials includes, but is not limited to, the narrative response to the factors for a service review, response to LAFCO staff's request for information, and financial documents (included as Attachment #2). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the City's response and supporting materials.

<sup>2</sup> State of California, Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

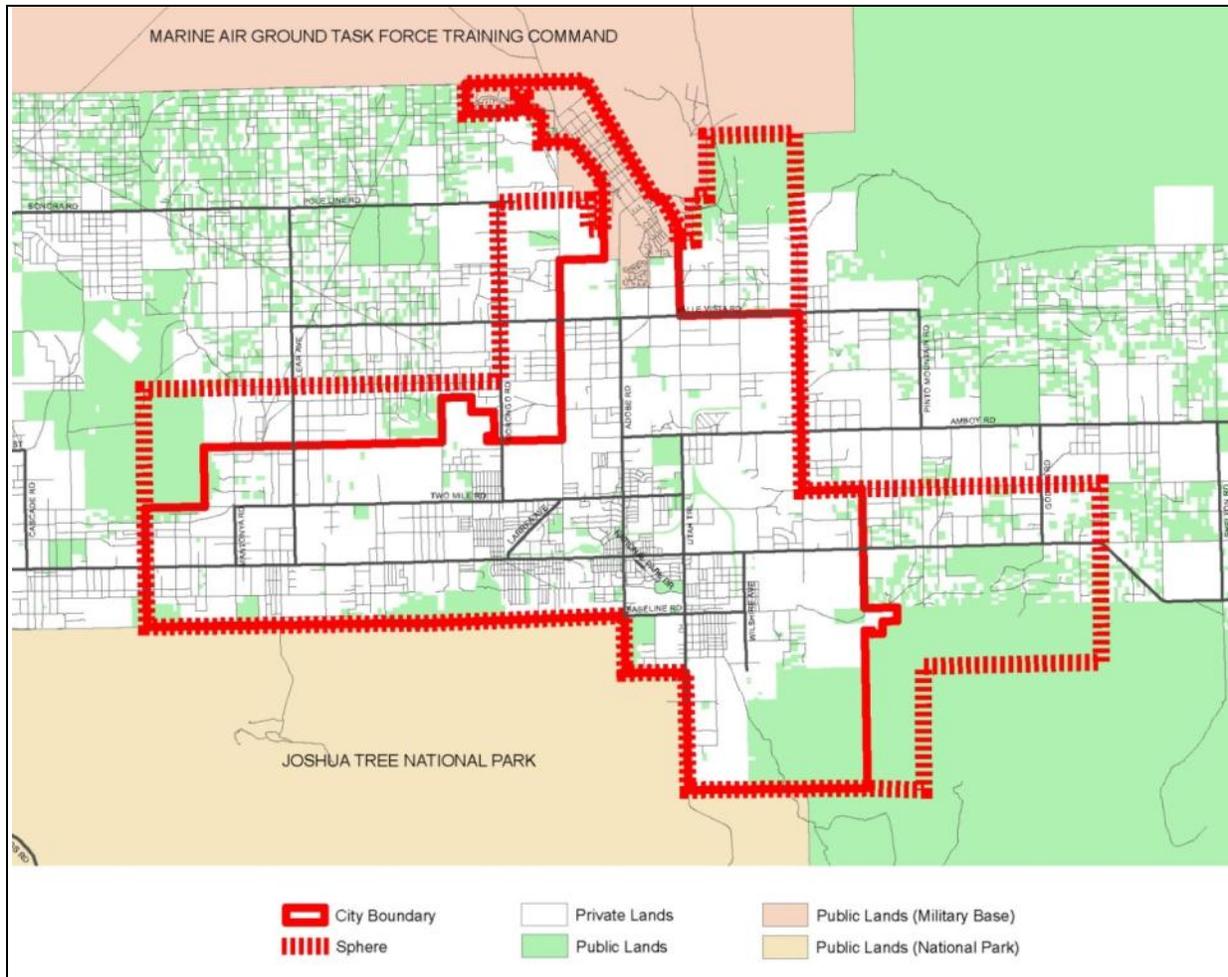
**I. Growth and population projections for the affected area.**

Land Ownership

The land ownership distribution and breakdown within the City’s boundary and current sphere are identified on the map below. Within its entire sphere, roughly 71% of the land is privately owned and the remainder, 29%, is public, which are devoted primarily to resource protection and recreational use.

**Land Ownership Breakdown (in Acres)  
 Within the City of Twentynine Palms**

Ownership Type	City	Unincorporated Sphere	Total Sphere Area
Private	30,104	10,457	40,561
Public Lands – Federal (BLM), State, & others	7,530	9,004	16,534
<b>Total</b>	<b>37,634</b>	<b>19,461</b>	<b>57,095</b>

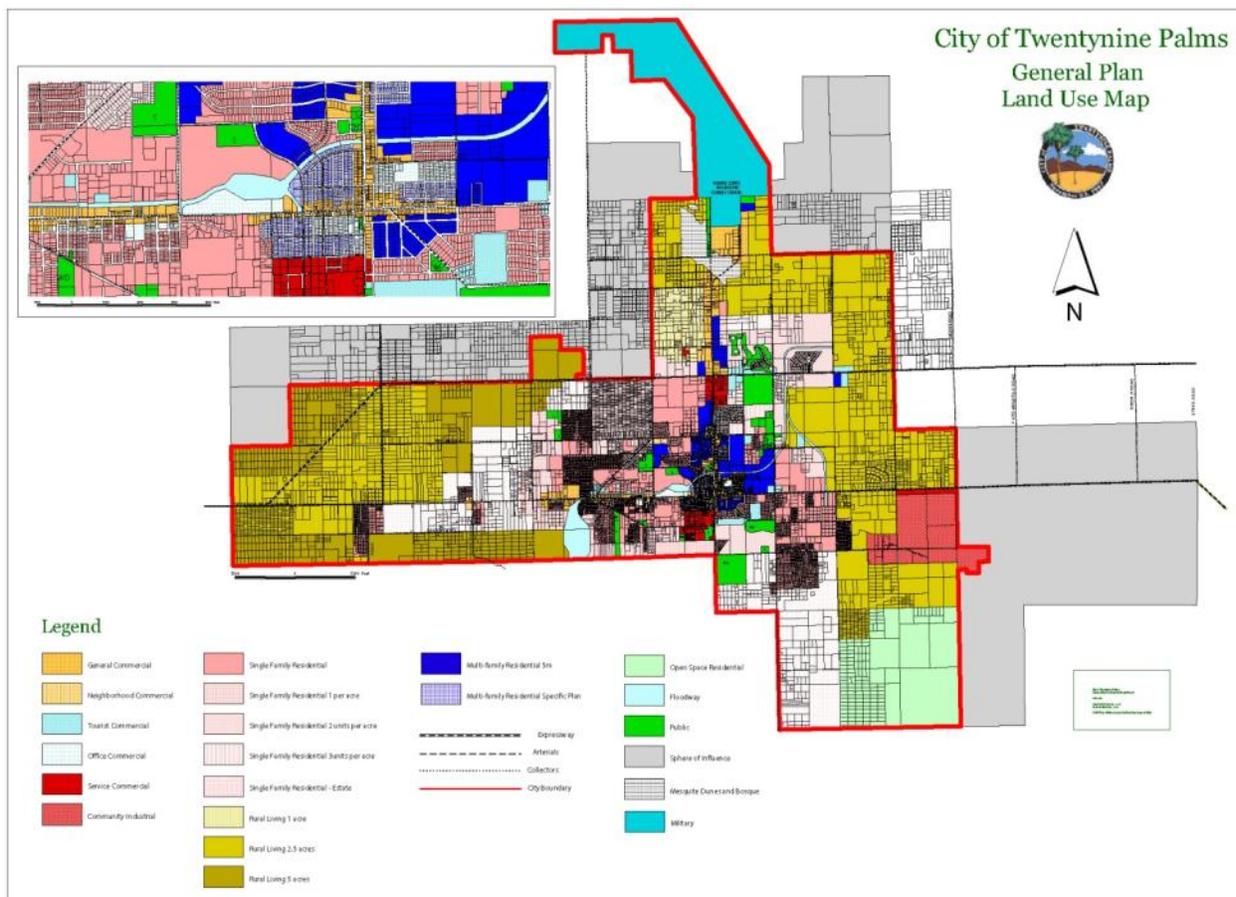


It should be noted that the northern section of the City's boundaries includes a portion of the Marine Corps Air Ground Combat Center (approximately 2,450 acres). This represents approximately 33% of the total public lands identified within the City's boundaries.

Land Use

*Incorporated Area*

Below is the current adopted General Plan land use and zoning map for the City of Twentynine Palms (originally adopted in October 2001 and amended in March 2002). Approximately 43% is Rural Living, 32% Single-Family Residential, 6% Open Space Residential, 3% Multi-Family Residential, 4% Commercial, 3% Industrial, 3% Public and Floodway, and 6% Military (portion of the City within the Marine Corps Air Ground Combat Center). The commercial development within the City is generally located along the major corridors, which are the Twentynine Palms Highway (State Route 62) and Adobe Road, and within the City's downtown area. All land use authority within the base is under the jurisdiction of the military (Department of Navy).

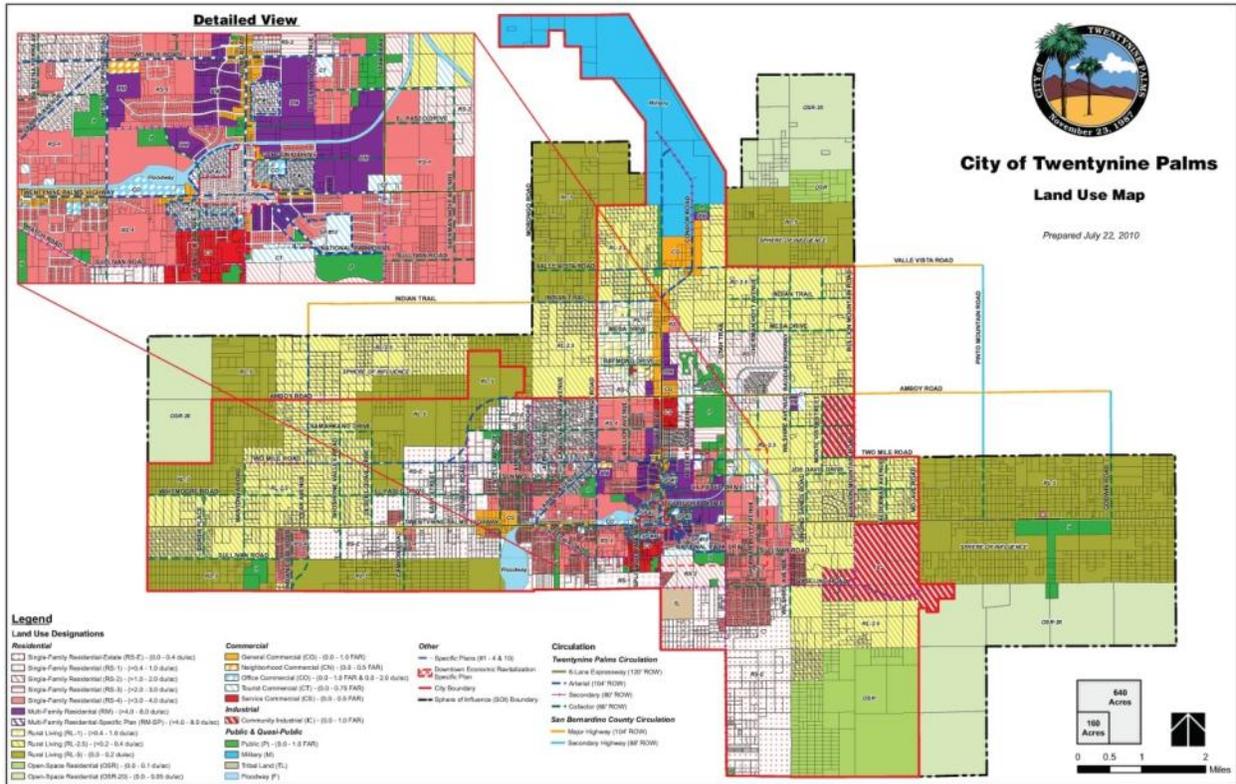


**General Plan Land Use Districts  
Within the City of Twentynine Palms  
City Land Area = +/-37,634 acres**

<b>City's Land Use</b>	<b>% of Total Land Area</b>
Open Space Residential	6%
Rural Living 5 acres	12%
Rural Living 2.5 acres	29%
Rural Living 1 acre	2%
Single Family Residential - Estate	11%
Single Family Residential – 3 units/acre	<1%
Single Family Residential – 2 units/acre	7%
Single Family Residential – 1 per acre	3%
Single Family Residential	11%
Multi-family Residential	2%
Multi-family Residential Specific Plan	<1%
General Commercial	2%
Neighborhood Commercial	<1%
Tourist Commercial	<1%
Office Commercial	<1%
Service Commercial	<1%
Community Industrial	3%
Floodway	1%
Public	2%
Military (portion within the MAGTFTC)	6%
<b>Total</b>	<b>100%</b>

The City is currently in the process of updating its General Plan, which is tentatively scheduled for adoption sometime in 2012. If the City adopts the new General Plan Land Use and Zoning Map, the land uses will generally be the same compared to its current designations except for a few minor changes. Some of the changes include a new land use designation identified as the Downtown Economic Revitalization Specific Plan Area (Approximately 95 acres) which replaces some of the current General Commercial and Multi-family Residential-Specific Plan land uses within the downtown area, a Tribal Land designation (approximately 160 acres) previously designated Public, and additional lands designated as Public (100 acres) previously designated Rural Living 5 acres.

The major difference between the current General Plan and the proposed General Plan Update is that the City is now pre-zoning its entire unincorporated sphere. Based on the land use designations proposed in the new General Plan Land Use and Zoning Map, the City's pre-zone land uses for its unincorporated sphere area generally mirror the County's current land uses for the area. The map below is the proposed General Plan Land Use and Zoning Map.

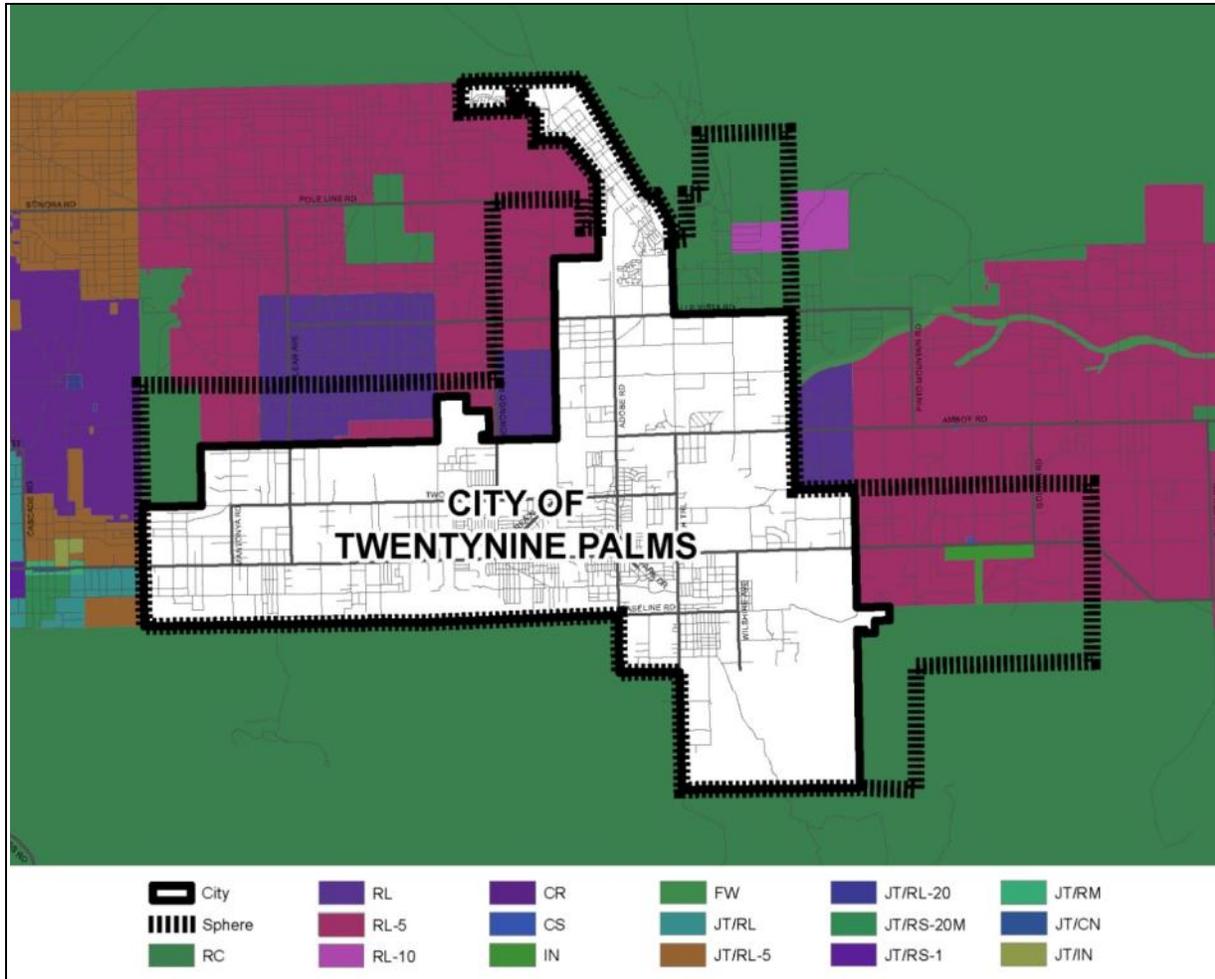


*Unincorporated Sphere Area*

Below is a map that identifies the County of San Bernardino’s land use designations within the City’s unincorporated sphere area. Within the City’s unincorporated sphere area, approximately 57% is designated Rural Living (total for RL, RL-5, and RL-10), 41% Resource Conservation, and the remainder 2% include Service Commercial and Institutional land uses.

**General Plan Land Use Districts (In Acres)  
 Within the City of Twentynine Palms’ Unincorporated Sphere**

County’s Land Use	Acreege
Resource Conservation (RC)	8,040
Rural Living (RL)	2,610
RL-5	8,173
RL-10	325
Institutional (IN)	303
Service Commercial (CS)	10
<b>Total</b>	<b>19,461</b>



## Population

### Population Projections

In 2000, the population within the City's boundaries was 14,764. By 2010, the City's population increased by 70% to 25,048, mainly due the annexation of the housing portion of the Marine Corps Base in 2000.

The projected growth for the City's boundaries was calculated utilizing a combination of the growth rates identified in the Regional Council of the Southern California Association of Governments (SCAG) Draft 2012 Regional Transportation Plan (RTP) Integrated Growth Forecast for the City of Twentynine Palms for the given periods and the use of average annual growth rate. By 2040, the population within the City is estimated to reach 45,341. This represents a projected annual growth rate of approximately two percent between 2010 and 2040, which also represents a total population increase of 81 percent from 2010.

**Population Projection 1990-2040  
 Within the City of Twentynine Palms**

Census <sup>3</sup>			Population Projection					
1990	2000	2010	2015	2020	2025	2030	2035	2040
11,784	14,764	25,048	28,160 <sup>4</sup>	31,660 <sup>5</sup>	34,634 <sup>6</sup>	37,888	41,447	45,341

The City has not experienced any significant growth other than when it annexed the Marine Corps Base. However, the population within the Marine Corps Base has been generally constant for the last 20 years.

In analyzing the forecasts made for the City’s population growth, LAFCO staff believes that the population within the Marine Corps Base was included in the projections – even though, as stated earlier, the population within the base has been stable all these years. In order to correct this anomaly, LAFCO staff has prepared a revised projection for the City that assumes no growth rate for its population within the Marine Corps Base. As shown in the revised projection below, it is estimated that the population within the City is expected to reach only 38,524 (instead of 45,341) by 2040, or a total population increase of just 54 percent (instead of 81 percent) from 2010.

**Revised Population Projection 2010-2040**  
 (Consideration: No Growth within the Marine Corps Base)

Census	Population Projection					
2010	2015	2020	2025	2030	2035	2040
25,048	27,115	29,439	31,414	33,575	35,938	38,524

Build-out

The table below provides the potential build-out within the City’s territory. This build-out scenario takes into consideration the existing land use designations assigned for the area and the dwelling unit densities assigned for each residential land use<sup>7</sup>.

<sup>3</sup> Data derived from the 1990, 2000, and 2010 Census for the City of Twentynine Palms.

<sup>4</sup> 2015 projection were calculated using Average Annual Growth Rate based on the compounded rate between 2010 and 2020

<sup>5</sup> 2020 and 2035 population data was taken from SCAG’s 2012 RTP Revised Draft Integrated Growth Forecast using local input and latest data from the 2010 Census, the California Employment Development Department, and the California Department of Finance - (published May 2011).

<sup>6</sup> 2025, 2030, and 2040 projections were calculated using Average Annual Growth Rate based on the compounded rate between 2020 and 2035.

<sup>7</sup> The information related to densities does not take into consideration the housing units within the Marine Base.

**Land Use Maximum Build-Out  
Within the City of Twentynine Palms**

<b>Land Use</b>	<b>Acreage</b>	<b>Density (D.U. Per Acre)</b>	<b>Maximum Build-out (DU's)</b>
Open Space Residential	2,430	0.05	121
Rural Living 5 acres	4,337	0.2	867
Rural Living 2.5 acres	11,225	0.4	4,490
Rural Living 1 acre	675	1.0	675
Single Family Residential - Estate	4,025	0.4	1,610
Single Family Residential – 3 units/acre	160	3	480
Single Family Residential – 2 units/acre	2,612	2	5,224
Single Family Residential – 1 per acre	1,026	1	1,026
Single Family Residential	4,084	6	24,504
Multi-family Residential	711	8	5,688
Multi-family Residential Specific Plan	160	8	1,280
<b>Total Residential</b>	<b>31,446</b>		<b>45,965</b>

The revised population projections identified earlier indicates that the population within the City's territory will be 38,524 by 2040. Based on the maximum residential build-out within the City's territory, the projected maximum population is anticipated to reach 135,505<sup>8</sup>. Likewise, based on the projected population for 2040, it is anticipated that the number of households within the City's territory will be 13,068 with a maximum potential build-out to reach approximately 45,965. These imply that the study area will reach 28 percent of its potential household and population capacity by 2040.

**Population and Household Projection  
Within the City of Twentynine Palms**

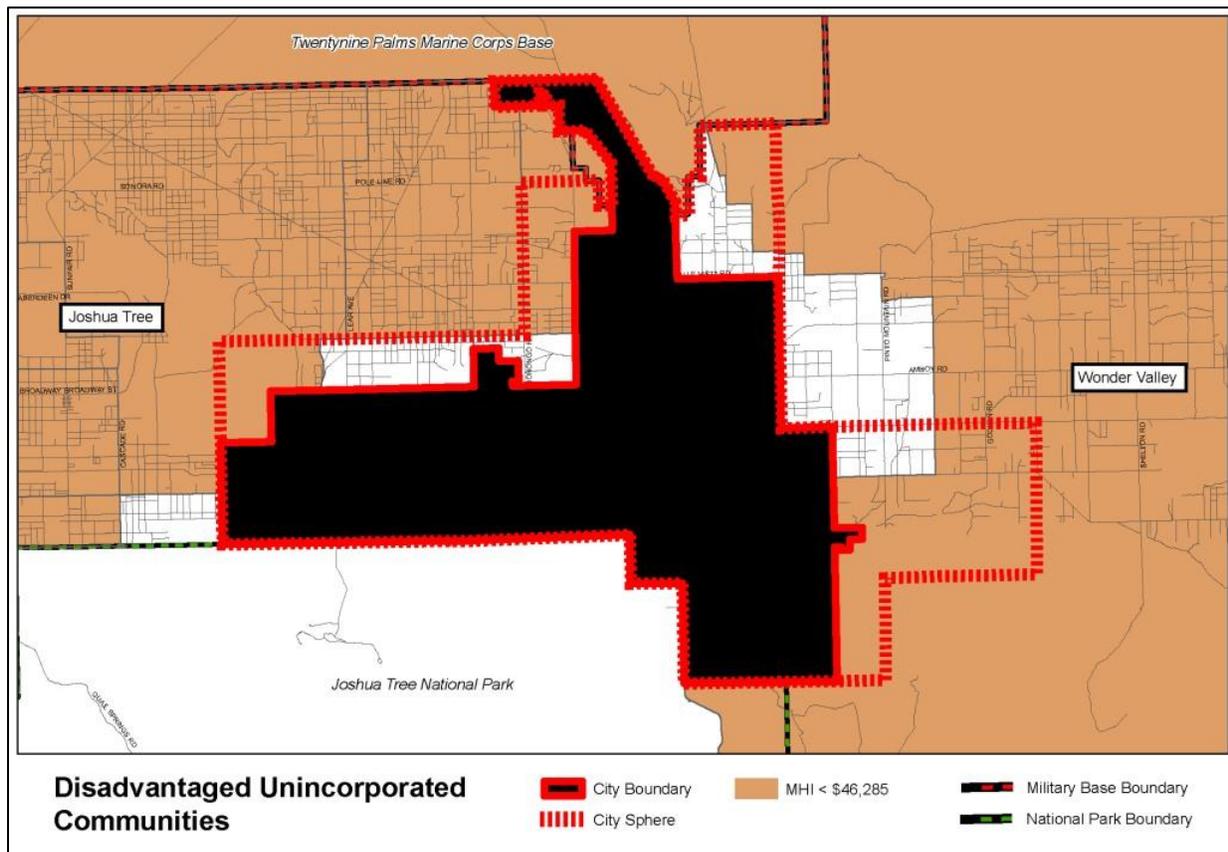
	<b>Projection 2040</b>	<b>Maximum Build-out</b>	<b>Ratio of 2040 Projection with Maximum Build-out</b>
Population	38,524	135,505	0.28
Households	13,068	45,965	0.28

For purposes of planning and designing infrastructure and future service delivery, the seasonal and tourism population must be considered. As the population increases so does the need for service. Any future projects will increase the need for municipal services within the City's existing boundaries as well as within the surrounding unincorporated territory. However, as with all areas within Southern California, the single most tangible factor that could limit growth will be the availability of water.

<sup>8</sup> Source: Persons per household @ 2.948 based on the ratio for the City of Twentynine Palms as identified in the State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State, 2001-2010, with 2000 Benchmark. Sacramento, California, May 2010.

**II. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

Beginning January 2012, LAFCO is now required to determine the location and characteristics of disadvantaged unincorporated communities (hereafter shown as DUC). DUCs are those communities that have an annual median household income that is less than 80 percent of the statewide annual median household income, which is under \$46,285 (defined by Government Code Section 56302). Based on the 2010 census data<sup>9</sup>, the map below illustrates the areas within and around the City's sphere of influence that are classified as disadvantaged unincorporated communities.



As shown on the map, portions of the City's unincorporated sphere of influence are considered disadvantaged unincorporated communities. The rest of the Twentynine Palms community (overall northwestern area of the community), and the communities of Wonder Valley and Joshua Tree are communities considered disadvantaged unincorporated communities that are contiguous to the City's sphere of influence. These areas are all considered to be rural in nature.

<sup>9</sup> Median Household Income data is taken from the American Community Survey 5 year (2006-2010) summary using the block group level.

Within the City's unincorporated sphere of influence, the areas identified as disadvantaged unincorporated communities are comprised of sparse rural residential development with land use designations of Rural Living (2.5-acre lots), RL-5 (5-acre lots) and/or Resource Conservation (one unit to 40 acres).

The Twentynine Palms' northwestern unincorporated community is adjacent to the City of Twentynine Palms' northern sphere of influence. The area is very rural in nature with large lot residential development (primarily Rural Living, 5-acre lots).

The unincorporated community of Wonder Valley is adjacent to the City's eastern sphere of influence. The community is also very rural in nature with large lot residential development (primarily Rural Living, 5-acre lots).

The unincorporated Joshua Tree community is adjacent to the City's western sphere of influence. The community is characterized by an abundance of open space and natural resources. The community is also rural in nature with residential development primarily with a Rural Living (2.5-acre lots) land use designation. Located between the Town of Yucca Valley and the City of Twentynine Palms, Joshua Tree also serves as the entry point to the Joshua Tree National Park.

**III. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs and deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

For this service review factor, referenced and incorporated materials include the City's narrative response, budgets, 2008 Park Master Plan, current General Plan<sup>10</sup>, and Draft General Plan Update<sup>11</sup>.

The City is classified as a "contract city". This term is defined by the State of California as a city which has a contract with another agency or private organization for the provision of various governmental services. Such cities provide many of the basic services (i.e. law enforcement, engineering, libraries, and park) through contracts with outside entities with the contract specifying the levels of service to be provided and the financial compensation for the service. Most cities in California which incorporated after Proposition 13 did so as contract cities as a cost savings measure.

As a municipality, the City is responsible for law enforcement within its boundaries and has chosen to contract with the County Sheriff's Department for law enforcement services

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<sup>10</sup> The Housing Element was adopted in 2000, Land Use Element was adopted in 2001, and Circulation Element was adopted in 2009. The Noise Element, Conservation Element, Open Space Element, Recreation Element, and Safety Element were adopted in 2002.

<sup>11</sup> For this report, the Draft General Plan Update is referenced for descriptive material and not for land use determinations.

tailored to its needs and financial resources. The City is within the boundaries of the Twentynine Palms Water District which provides retail water, fire protection, and emergency medical response services. There currently is no organized municipal sewage collection system or wastewater treatment facility within the City. On-site septic systems have been historically utilized by residences and businesses throughout the City. The City provides some services directly within its limits such as road maintenance and park and recreation services. Building inspection is through contract with a private company.<sup>12</sup>

## A. Law Enforcement

Police protection is provided through contract with the San Bernardino County Sheriff's Department. Service is provided from the Morongo Basin station at 6527 White Feather Road in Joshua Tree and Sheriff's Department personnel are provided a satellite office at Twentynine Palms City Hall on Adobe Road. Police services are dispatched from the Communications Center in Victorville but the satellite office is centrally located for efficient response. The Morongo Basin station is equipped with 12 police vehicles, which includes five marked vehicles, one unmarked vehicle, two off-highway motorcycles, three citizen patrol units, and one radar trailer.

There are currently 11 sworn personnel assigned to the City including eight patrol officers, one juvenile (school resource) officer, one traffic officer and one detective. These personnel serve the City's residents on a full-time basis. Sworn supervisory staff includes six sergeants, one lieutenant, and one captain (who serves as the City's Chief of Police) and are shared with the Town of Yucca Valley and the Morongo Basin Station's county patrol operations. Clerical staff, dispatch and specialized law enforcement services (SWAT, aviation, intelligence, narcotics, homicide and specialized investigations, evidence processing and handling, training, etc.) are provided to the City by the San Bernardino County Sheriff's Department pursuant to the law enforcement services contract.

The Sheriff's Office provides various crime reducing projects such as Operation Clean Sweep, Choices Youth Program, Juvenile Crime Reduction Plan, Citizens on Patrol and the appointment of a School Resources Officer.

- Operation Clean Sweep is designed to address problems at local schools, which are not of a significant criminal nature, and allows school personnel to write citations for such violations.
- Choices Youth Program is an activity/education program for at-risk youth administered by the City's Community Services Department in cooperation with the Sheriffs' Department.

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<sup>12</sup> On January 9, 1992, the Twentynine Palms City Council entered into an agreement with Charles Abbott Associates, Inc. to provide building inspection services for the City. Compensation to consultant is 66 and 2/3% of all building permit fees collected by the City. Twentynine Palms deposits 33 and 1/3% of the building permit fees into the City's General Fund. The agreement may be terminated at any time by either party upon 30-days notice. Source: FY 2011-12 Budget

- The Juvenile Crime Reduction Plan allows teams of officers to "adopt" local schools to reduce campus-related crime and develop site specific Safe Schools Plans.
- The Citizens on Patrol Unit supplements the City's uniformed patrol officers with more than two dozen trained residents who donate thousands of volunteer hours each year. They patrol the neighborhoods acting as an "extra" set of eyes and ears for the City's patrol officers. They also assist with crowd control, traffic control, community events and the Public Safety Office at City Hall.

## **B. Roads**

Upon incorporation, the City assumed responsibility from the County for a road system in which some streets were maintained and others were not. Streets that were built to the County's standard were in the maintained system and transferred to the City. In addition, dedicated but unpaved, substandard streets were also transferred to the City upon its incorporation. In 2001, the City maintained 174 miles of streets and by 2010 only three additional miles of streets were added to the City's maintained system.

Twentynine Palms Highway (Highway 62) represents a constraint on the City's circulation system as it divides the City in two. Maintenance and highway improvements must be coordinated through Caltrans as Twentynine Palms Highway is part of the State Highway System. Even though Twentynine Palms Highway represents a constraint on the City's circulation system, it also serves as the City's primary access route as there are very limited access alternatives to the highway. Due to the highway's role as the main thoroughfare in and out of the City and region, it receives a high volume of traffic.

Typical street improvements include two-lanes of pavement, one-lane of pavement on each direction. Aside from Twentynine Palms Highway and Adobe Road, even the City's primary corridors are generally only improved to the two-lane pavement standard. The primary reason that most streets are not improved is because street construction is extremely costly. The lack of street improvements is also attributed to the fact that the City is fairly large, which requires more streets to provide an adequate level of service to City residents. According to the City, future improvements will be scheduled based on available budget and possible Federal and State grant awards to the City. Further, the lack of resources limits the ability to perform street maintenance throughout the City. Typically maintenance is only provided to streets improved to City's standards; however, during emergencies, street maintenance is provided to all City streets. At the time the City incorporated in 1987 the issue of an adequate road system was one of the driving factors, which remains as difficult to acquire today 25 years after incorporation.

Accessibility to the National Park is extremely important to the area's tourism industry. As of 2009, there are three access points to the National Park through the City, the main entrance is located on Utah Trail, a second entrance is located on Indian Cove Road, and a third entrance is located on Canyon Road (Fortynine Palms Canyon Road). The Canyon Road entrance ends on a trail staging area located at the park's northern boundary. The Utah Trail and Indian Cove Road entrances provide full access to the National Park. All streets leading up to the National Park entrances are improved. For FY 2011-12, the City budgeted \$450,000 to construct curb, gutter and sidewalk on the west side of National Park Drive from Highway 62 to the Joshua Tree National Park

Headquarters to promote economic development and improve pedestrian circulation between the National Park and downtown. The Project includes constructing sidewalks completely around the Old School House Museum and in front of the 29 Palms Art Gallery.

The FY 2011-12 budget also identifies that the City will contribute \$200,000 to the widening of Highway 62 from Sunrise to Canyon to include a turn lane and two traffic lanes in each direction. In addition, the City has budgeted \$500,000, including \$200,000 in Measure I funds and \$300,000 from the Redevelopment Agency Capital Projects Fund, to complete the environmental document, engineering and phase I construction of street widening, curb, gutter and sidewalk from Encelia Avenue to Split Rock Avenue on Highway 62 (with the dissolution of redevelopment agencies it is not currently known if the budgeted amounts will remain). To allow residential areas north of the City better access to the commercial areas on Highway 62, the City has budgeted \$200,000 from the General Capital Projects Fund to construct 0.25 miles of two-lane road on Encelia Drive from Sunnyslope Avenue to Two-Mile Road. The City has budgeted \$25,000 for backup batteries for traffic lights and has reserved another \$500,000 for curb, gutter and sidewalk construction in the downtown area at a location to be determined by the City Council.

#### Morongo Basin Transit Authority

In 1989, the Morongo Basin Transit Authority was created as a joint powers agency by the County of San Bernardino, the City of Twentynine Palms, and the Town of Yucca Valley. The system provides transit services in the City and certain surrounding areas of the Morongo Basin as a means of meeting the transit needs of various transit dependent groups within the area. The system is primarily funded by Article 8 funds.<sup>13</sup> The City has an ongoing responsibility for providing funding on an annual basis for operating costs of the Authority, but the City has no equity interest in, or claim to the assets of, the Authority.<sup>14</sup>

### **C. Park & Recreation**

The City of Twentynine Palms has 175 acres of recreational opportunities made up of parks, special use areas and passive use areas provided by different sources including the City of Twentynine Palms, the Morongo School District and the Marine Corps Air Ground Combat Center.

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<sup>13</sup> *Article 8 Special Revenue Fund* - This fund accounts for monies received from the state through the county for transportation-related uses. The Morongo Basin Transit Authority has the first priority on these monies. Any amount not used is remitted to the City.

<sup>14</sup> The financial statements of the Morongo Basin Transit Authority can be obtained from the Authority at 62405 Verbena Road, Joshua Tree, California 92252.

City Facilities

*Parks*

The City has five parks in various sizes and the provision of recreational activities. Luckie Park (27-acre) is the biggest and most used park in the City. This park offers the most recreational variety which includes a swimming pool and lighted recreational facilities. Knotts Sky Park (19-acre) and Pioneer Park (18-acre) are the next largest, with Pioneer Park being partially developed. Veteran's Park (6.4-acre) and Bucklin Park (0.4-acre) are the smallest parks in the City.

In April 2010, the County Board of Supervisors allocated Community Development Block Grant funds totaling \$90,000 for the community center and \$20,000 for Knott Sky Park. The \$90,000 for the community center paid for added concrete pads and a shade structure on the south side of the building.

<b>Facility</b>	<b>Size (ac)</b>	<b>Location</b>	<b>Amenities</b>
<b>Parks</b>			
Luckie Park	27.4	5885 Luckie Avenue	Swimming pool Playground areas (3) Picnic Shelters (3) Basketball courts lighted (3) Skateboard park lighted Baseball fields lighted (4) Horseshoe pits (2 sets of 2) Soccer field lighted Indoor Racquetball courts
Knott Sky Park	19.5	6897 El Sol Avenue	Baseball field Small playground area Picnic shelter Large playground area
Veteran's Park	6.4	6136 Adobe Road (part of City Hall)	Picnic tables Trees Lawn America's Veterans Display
Pioneer Park	18.4	73637 Sullivan Road	Theatre 29 (local community theatre group stage)
Bucklin Park	0.4	Northeast corner of Desert Queen Avenue and Twentynine Palms	Picnic tables Shade structures Public art sculpture and nature murals Desert landscaped walkways

*Quimby Act*

The Quimby Act (Government Code sections 66477 et seq.) authorizes jurisdictions to require developers to set aside land for open space or pay in-lieu fees for park improvements. The goal of the Quimby Act is to require developers to help mitigate the impacts of property improvements. This ensures that jurisdictions adopt Quimby Act standards and provide three to five acres of open space per 1,000 persons. The City's existing General Plan park standard is four acres of parkland per 1,000 persons. The City currently has 175 acres of parkland, which includes parks, special use areas, and undeveloped parkland sites. Of the 175 acres, 80 acres is currently developed. As shown below, based upon LAFCO's population forecast and the current acreage of parkland/open space, the City would not need to obtain additional parkland until 2040.

	2010	2015	2020	2025	2030	2035	2040
Population	25,048	28,202	31,660	34,614	37,843	41,447	45,314
2010 parkland/open space acreage	175	175	175	175	175	175	175
Required acreage (4) per 1,000 - City standard	100	113	127	138	151	166	181

*Other Community Facilities and Activities*

In addition to parks, the City offers a range of community facilities and activities. The senior center is operated by a non-profit group, Reachout 29. The senior center offers a variety of activities and services for senior citizens such as a nutritional information workshop, bingo, computer classes, bridge club, aging and adult services, food distribution, in home supportive services, home weatherization programs, Braille institute visits, senior companion program, volunteer work and movie showings. A City owned facility, Theatre 29, is operated by the local community theatre group that stages performances throughout the year at Pioneer Park. The Youth Club is a non-profit program located in Luckie Park and offers after school and summer programs for youths ranging from ages seven to seventeen.

*Improvements and Expansions*

The Twentynine Palms Parks and Recreation Master Plan outlines several proposed upgrades and expansions to the existing recreational infrastructure. This is divided into parks and recreational facilities.

**Parks**

Luckie Park –Most of the City's recreational programs and activities occur at this park. The aim is to reduce the demand of recreational activities on this park to alleviate overcrowding, and spread park demand among other park sites. Upgrading the facilities at this park includes:

- On-going improvements so the park remains the centerpiece of the community park system.

- Planting of new trees to add to the existing tree canopy system in the park will help provide shade in the future.
- Adding new aquatic elements to the swimming pool such as a water slide or water play area.

Knott's Sky Park – As the second largest developed park in the City, Knott's Sky Park is planned for additional recreational amenities to help alleviate recreational demand at Luckie Park. Some of the improvements planned for this site include: upgrading the baseball/softball fields, provide permanent restrooms, scheduling community events, horseshoe pits, skate park, basketball courts, tennis courts, soccer fields, and trail system.

Pioneer Park – Most of Pioneer Park is undeveloped with the only developed portion of the park being used by Theatre 29, a city-owned facility operated by the local community theatre group. The vision of the site is to develop it as a center for community and regional activity. Plans for this site include: continued use by Theatre 29 for their community plays and activities, and prepare a feasibility study outlining potential park uses.

Veteran's Park – Located between City Hall and the County Library, this site contains few recreational amenities. The vision for this site is to serve as a community gathering place and be integrated with the civic center. Improvements to this site include: plaza areas for community events, shaded turf areas, public art, and interactive water feature or fountain.

Bucklin Park – Bucklin Park serves as a focus to the downtown business area. Strategies to encourage usage of the park includes outdoor programming options with local businesses and arts groups, and the provision of paved parking and restroom facilities.

The City's Master Plan of Parks and Recreation has identified six potential future park areas that will provide access to park facilities for the entire community. The recommendations for the facilities to be provided at each of these future park areas are described below.

**TABLE RE-5: PLANNED PARK FACILITIES**

Map ID	Type	Recommendation
p-1	Recreation Center	The City owned Community Service building across from Luckie Park, should be developed as an indoor recreation facility and it should be linked to the park.
p-2	Community Park	Based on the needs assessment, this area is not served by a community park. A small community park is needed in the vicinity of Palm Vista Elementary school to serve the surrounding area.
p-3	Community Park	As the City grows, residential development will occur on the west side of Adobe Road. A new community park is needed to serve the surrounding area.
p-4 & 5	Community Park	Two community parks are needed on the west side of Twentynine Palms to serve residents living near the City boundaries. One will be needed north of Twentynine Palms Highway, and one will be needed to the south.
p-6	Community Park	As the City grows, another community park will be needed northeast of Luckie Park to serve the surrounding area and alleviate overcrowding of Luckie Park.

*Source: City of Twentynine Palms Parks and Recreation Master Plan (2008)*

**Recreational facilities**

Indoor Facilities – There is a huge demand for an indoor recreation center given the location of the City and the extreme outdoor temperature it experiences. Such activities that could take place in this facility include; dance, fitness, flexible classroom space, indoor sports, social gathering and social programs. A proposed location for this facility could be established at the existing Community Services building site. In addition, senior and youth programs can be tailored into this new center, and the existing centers repurposed.

Community Pool Facilities – The implementation of aquatic features and water play features at existing swimming pools would provide comfort and relief for those recreating outdoors. The City could upgrade the swimming pool at Luckie Park, and water playgrounds in new community parks and Veteran’s Park to incorporate desired aquatic play opportunities.

Sports Fields and Courts – The need for sports fields and courts in the City stems from the evolving and growing nature of field sports that residents are involved in including basketball, baseball, softball, soccer and football. Meeting this need will require large amounts of contiguous land in order to continue to provide for sporting facilities that caters to the City’s diverse recreational activities. In an effort to keep up with the growing demand for these sports, the City could:

- Continue to provide sporting leagues and programs for both youth and adults.
- Provide fields for the population (1 per 4,600 people for baseball/softball, 1 per 6,900 people for soccer/football). Fields could be lighted for nighttime use as most of the activities occur at night due to extreme temperatures during the day.
- Continue to provide basketball courts in the design of new parks.

The FY 2011-12 budget identifies that the Community Services Department is budgeted \$75,000 to rebuild the well in Luckie Park and \$70,060 to upgrade the swimming pool to meet new San Bernardino County standards. \$80,000 is budgeted for Knott's Sky Park to complete an electrical master plan and install the underground electrical facilities at the park. \$20,000 has also been reserved in the General Capital Projects Fund Balance to replace the mural removed by Walgreens or sponsor some other public art piece.

### Other Facilities

Golf Course – The City has one golf course within its boundaries; the Road Runner Dunes Golf Course located at 4733 Desert Knoll Avenue. This is a private, 9-hole course.

School District - The City's Community Services Department uses several of the District's facilities for youth and adult recreational activities. The City and District both allow mutual use of their facilities to each other, although there is no actual joint use agreement.

Joshua Tree National Park (Federal) - Joshua Tree National Park is located on the southern boundary of the City. The park was declared a National Park in 1994 by Congress, and had been a National Monument since 1936. Direct access to the park from the City greatly increases the recreational opportunities provided for the residents of Twentynine Palms.

Bureau of Land Management (Federal) - The Bureau of Land Management has extensive holdings in the Twentynine Palms area, much of which is open for uses such as camping and wildlife watching.

Other - Located within the region of the City are the San Bernardino National Forest, Mojave National Preserve and Mount San Jacinto State Park. These natural areas provide a scenic environment for passive forms of recreation for the residents of Twentynine Palms which includes hiking, camping and nature watching.

## **D. Streetlighting**

The City operates 327 streetlights. Southern California Edison owns the streetlights and responds to problems, and the City provides for payment of the utility costs associated with the individual lights. There are no plans at this time to increase the number of the streetlights. However, if the community continues to see growth in its population, the need for streetlights will also increase.

The City has adopted a Night Sky Ordinance, which is a part of its Development Code (Chapter 19.70 – Lighting Standards). The intent of the ordinance is to encourage effective, non-detrimental lighting; to maintain night-time safety, utility, security and productivity; and to encourage lighting practices and systems which will minimize light pollution, glare, and light trespass, conserve energy and resources and curtail the degradation of the night time visual environment. The ordinance outlines standards to which outdoor lighting may occur.

In addition, during the processing of this service review it was identified that there were five lights that County Service Area 20 (Joshua Tree) was paying for in the Twentynine Palms community – four of which were located in the City of Twentynine Palms and one in the City's unincorporated sphere. County Special Districts Department has identified that Southern California Edison has removed the five streetlights from the CSA 20 account and LAFCO staff understands that the responsibility for the four lights has been assumed by the City.

## **E. Wastewater**

The entire City, except for the annexed Mainside area at the U.S. Marine Corps Air Ground Combat Center ("MCAGCC") is currently on septic systems and leach fields. In June 2003, a Joint Use Wastewater Treatment Plant Regional Facility Study for the MCAGCC and the City was completed by Winzler & Kelly Consulting Engineers. That study recommended against a joint-use facility for the treatment of wastewater generated by the City and the MCAGCC due to the cost and lack of any information demonstrating there was a problem.

In 2007, the Twentynine Palms Water District and the City met in a joint session to discuss the need for oversight of packaged treatment plants, since such oversight is mandated by the Regional Water Quality Control Board. Through a joint resolution, the City was designated as the lead agency in the oversight of packaged treatment plants within the City limits, and the District will be provided the opportunity to make recommendations on the standards to be established by the City.

In April 2008, a second study by Winzler & Kelly Consulting Engineers was issued. The object of that study was to provide a basis of comparison between a joint-use facility for treatment of combined wastewater flows and a new facility for separate treatment. Two joint-use and three separate-use alternatives were evaluated for treatment of the area's wastewater. Joint-use alternatives included upgrading the existing Mainside Wastewater Treatment Plant and construction of a new wastewater treatment plant at a location between MCAGCC and the City. Separate-use alternatives for the City include using decentralized package wastewater treatment facilities or centralized system that would use either a natural process or a mechanical process for wastewater treatment.

After comparing the total capital costs for each alternative, each was very expensive with the exception of Separate-Use Alternative #1. Because the City currently uses individual septic systems, there is no existing infrastructure to be used for a city-wide collection program. Collection pipelines, laterals and a trunk sewer main will all be

required for collecting and transporting wastewater to the desired facility. Based on the proposed area of service, it was estimated that that collection facilities and a sewer trunk line will cost approximately \$34 million.

The recommendation of the report was that Separate-Use Alternative #1 (Decentralized) be used for the treatment of the City wastewater. Separate-Use Alternative #1 proposes the use of package wastewater treatment plants for the treatment of wastewater generated by major subdivisions. Capital costs for this alternative are small for the City as the construction and associated collection facilities would be financed by the developers of new subdivisions. According to the FY 2011-12 Budget, there are currently three package treatments plants in operation in Twentynine Palms. They are Desert Knoll subdivision, Turtle Rock subdivision, and the Holiday Inn Express. An additional 11 package treatment plants have been proposed or are approved for various residential tract maps.

The Regional Water Quality Control Board has expressed concern over the potential contamination of groundwater resources by nitrates from the improper installation and maintenance of septic systems in Twentynine Palms. They are requiring Yucca Valley to construct a wastewater treatment plant and collection system and the Twentynine Palms community may be required to do so in the near future. The City has budgeted \$100,000 in FY 2011-12 to update the 2008 Wastewater Treatment Plant Joint-Use Study and examine the legal, regulatory, fiscal and technological issues surrounding the proper handling of wastewater in Twentynine Palms. The study will also include an examination and analysis of the management and maintenance of current wastewater treatment "package" plants.

Additionally, a joint committee (two members each from the City and the Twentynine Palms Water District) has been formed to assess the development of a wastewater management plan and solid nutrient plan.

For disadvantaged, unincorporated communities within or contiguous to the City's sphere, these areas are also currently on septic systems and leach fields. The Regional Water Quality Control Board has expressed concern over the potential contamination of groundwater resources by nitrates from the improper installation and maintenance of septic systems in Twentynine Palms. However, as noted above, there are no plans at this time for construction of a wastewater treatment plant and collection system. At the present time potential changes are under consideration by the State Water Resources Board to only allow septic wastewater disposal systems on parcels 2.5 acres or larger. If implemented, this will substantially affect the development profile for the City and other communities of the south desert region. Any community contiguous to the City's sphere desiring connection to any future system would require, at a minimum, inclusion within the City's sphere and most likely annexation. Further, any potential connection would most likely include installation and connection fees/charges/taxes.

**F. Needs and deficiencies in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence**

Municipal and industrial water

Municipal and industrial water needs and deficiencies are discussed in detail in this report in the service review for the Twentynine Palms Water District.

Structural fire protection

Structural fire protection needs and deficiencies are discussed in detail in this report in the service review for the Twentynine Palms Water District.

Wastewater

This factor is discussed above.

**IV. Financial ability of agencies to provide services.**

For this section of the report, staff has reviewed the City's budgets, audits, State Controller reports for cities, and County filing records.

The City's economy is intertwined with the economy of San Bernardino County and the economic impact of Joshua Tree National Park and the U.S. Marine Corps Air Ground Combat Center. The U.S. Marine Corps Air Ground Combat Center (MCAGCC) provides tremendous economic benefits to the City of Twentynine Palms and other communities in the region. According to the FY 2011-12 budget, it is estimated that 69% of the City's population are directly employed, supported or related to the military in some way. The base employs 14,811 civilians and military personnel. It also generates an estimated 19,000 indirect regional jobs.

**General Operations and Accounting**

The governmental activities of the City include general government, public safety, highways and streets, economic development, and culture and recreation. The City does not have any activities that recover a significant part of their cost through user fees. The City does not operate any enterprise funds.

Component Units

The reporting entity "City of Twentynine Palms" includes the activities of the City, the Twentynine Palms Redevelopment Agency, and the Twentynine Palms Public Financing Authority.

- The Twentynine Palms Redevelopment Agency (RDA) represents a legally separate entity for which the City is financially accountable, and, accordingly, is considered a component unit of the City. Pursuant to ABX1-26, Redevelopment Agencies in the

State of California were to be dissolved effective October 1, 2011. However, litigation on that legislation deferred that date to February 1, 2012; therefore, this agency has been dissolved.

The Four Corners Redevelopment Project Area is the City's only Redevelopment Project Area which requires future action to unwind its affairs. The project area encompassed 5,017 acres (7.8 square miles), which represents 13.3% of the City's total land area. The project area covers the City's central core including the downtown. The Redevelopment Project Area does not include several of the hotel properties located along Twentynine Palms Highway west of downtown. Most of the parcels within the Redevelopment Project Area are vacant.

- The Twentynine Palms Public Financing Authority (PFA) is a blended component unit of the City of Twentynine Palms, although technically it is a separate government unit under California law. A public financing authority may borrow money for the purpose of refunding its bonds, notes and other obligations and to provide financing and refinancing for capital improvements of member entities of the public financing authority. Given the uncertainties surrounding the state budget and the need to finance projects and infrastructure, the City of Twentynine Palms and the RDA executed a joint exercise of powers agreement to form the PFA. The PFA is governed by a five-member Board consisting of the City Council with the Mayor acting as the Chairman. The City Manager serves as the Executive Director and the City Clerk serves as the Board Secretary. The City's Finance Director serves as the Chief Financial Officer. It is not clear at this time the future of the PFA as the City's RDA has been dissolved and there is no second entity to include in the joint exercise of powers agreement to succeed to the RDA.

### **Long-Term Debt**

At the end of the FY 2009-10, the City had no bonded debt outstanding, and there were no general obligation bonds outstanding by any of the taxing agencies within the City. Also, the City had no pledged revenue.

### **Tax Allocation Bonds 2011 Series A**

In March 2011, the RDA issued Twentynine Palms Redevelopment Agency Tax Allocation Bonds, Series A, in the aggregate principal amount of \$8,575,000. Principal is payable annually on September 1, beginning on September 1, 2019. The bonds mature between September 1, 2019 and June 1, 2042 in amounts ranging from \$55,000 to \$740,000. Per the bond indenture, a reserve is required to be maintained. At June 30, 2011, the balance held in the reserve account was \$799,976. Proceeds from the bonds are to be used to 1) finance redevelopment activities, 2) satisfy the reserve requirement for the Series A bonds, and 3) provide for costs of issuing the bonds. The current status of the bonds, based upon the provisions of ABX1-26, is not clear nor are the requirements for disposal of lands owned in the name of the RDA. LAFCO staff is not currently aware of the representatives on the mandatory oversight board.

### Housing Tax Allocation Bonds 2011 Series B

In March 2011, the City RDA issued Twentynine Palms Redevelopment Agency Housing Tax Allocation Bonds, Series B, in the aggregate principal amount of \$3,000,000. Principal is payable annually on September 1, beginning on September 1, 2012. The bonds mature between September 1, 2012 and June 1, 2042 in amounts ranging from \$30,000 to \$235,000. Per the bond indenture, a reserve is required to be maintained. At June 30, 2011, the balance held in the reserve account was \$254,810. Proceeds from the bonds are to be used to i) finance low and moderate income housing activities, ii) satisfy the reserve requirement for the Series B bonds, and iii) provide for costs of issuing the bonds. The current status of the bonds, based upon the provisions of ABX1-26, is not clear. It is not known by LAFCO staff who the representatives on the mandatory oversight board are.

### Pledged Revenues

The Agency has pledged 100% of future tax increment revenue (less amounts payable by or required to be set aside by the Agency under any pass-through agreements and by the amount required to be set aside for low and moderate income housing as required by the California Health and Safety Code) as security for the *2011 Tax Allocation Bonds Series A and B* in the amount of \$31,575,732 (total principal and interest at issuance). Total pledged revenues for the fiscal year ended June 30, 2011, totaled \$1,809,169 with the required debt service amount of \$-0- (principal and interest paid in the fiscal year ended June 30, 2011 on the bonds). The current status of the bonds, based upon the provisions of ABX1-26, is not clear. It is not known by LAFCO staff who the representatives on the mandatory oversight board are.

### **Net Assets**

In reviewing the City's financial documents, net assets have increased by 77% since FY 2006-07 as shown on the chart below. As of June 30, 2011, the City had \$40.0 million in net assets. Not including capital assets value and debt, the City had roughly \$18.6 million in restricted and unrestricted net assets. Of this amount \$9.6 million is unrestricted.

	2006-07	2007-08	2008-09	2009-10	2010-11
Current & other assets	18,878,000	21,477,798	22,986,091	20,988,985	32,807,978
Capital assets	12,206,000	12,822,059	14,391,324	19,415,747	21,392,796
<b>Total assets</b>	<b>31,084,000</b>	<b>34,299,857</b>	<b>37,377,415</b>	<b>40,404,732</b>	<b>54,200,774</b>
Long-term liabilities	6,089,000	244,761	339,382	449,400	11,771,252
Other liabilities	1,777,000	6,588,388	6,698,707	2,974,701	2,453,423
<b>Total liabilities</b>	<b>7,866,000</b>	<b>6,833,149</b>	<b>7,038,089</b>	<b>3,424,101</b>	<b>14,224,675</b>
<b>Total Net Assets</b>	<b>\$23,218,000*</b>	<b>\$27,466,708</b>	<b>\$30,339,326</b>	<b>\$36,980,631</b>	<b>\$39,976,099</b>
<b>Net Assets:</b>					
Invested in capital assets – net of related debt	12,289,722	12,822,059	14,371,388	19,366,537	21,357,417
Restricted for:					
Public Works	2,209,255	3,380,881	2,913,450	3,988,154	5,489,497
Public Safety	153,177	-	-	-	521,645
Community Development (Low & Moder. Housing)	1,230,482	1,035,777	1,434,568	1,767,998	2,986,573
Unrestricted	6,661,586	10,227,991	11,619,920	11,857,942	9,620,967
<b>Total Net Assets</b>	<b>\$22,544,222*</b>	<b>\$27,466,708</b>	<b>\$30,339,326</b>	<b>\$36,980,631</b>	<b>\$39,976,099</b>

\* Difference of \$326,222 not reconciled in financial statements.

For the years identified in the chart above, the annual increase in net assets has been roughly \$3 million, except for FY 2009-10 when total net assets increased by \$6.6 million. The City states that over one half of this increase is attributable to increased revenues – (although the financial statements do not readily identify the source of the increase).

### Fund Balances: Governmental Funds

Considering net assets does not indicate if an agency has enough fund balance to operate short and long-term operations. The chart below shows fund balances for the City's governmental funds for the past five fiscal years. For FY 2009-10, the fund balance of the City's general fund increased by \$1.0 million during the fiscal year. Key factors in this growth are attributed to the city spending \$932,000 less in the fiscal year than it collected in revenue the prior year, in addition, revenue increased by \$38,000. For FY 2010-11, the fund balance of Other Governmental Funds increased by roughly \$12.2 million, primarily due to the issuance of \$11.3 million in bonds by the RDA.

GOVERNMENTAL FUNDS	2006-07	2007-08	2008-09	2009-10	2010-11
<b>General Fund</b>					
Restricted (Reserved)	\$1,000,000	\$1,000,000	\$500,000	\$2,000,000	\$1,609,951
Unassigned (Unreserved)	5,882,438	7,685,217	9,315,919	8,819,159	10,417,781
<b>Total</b>	<b>6,882,438</b>	<b>8,685,217</b>	<b>9,815,919</b>	<b>10,819,159</b>	<b>12,027,732</b>
<b>Other Governmental Funds</b>	<b>4,285,847</b>	<b>6,140,768</b>	<b>6,280,072</b>	<b>7,048,784</b>	<b>18,000,306</b>
<b>Grand Total</b>	<b>11,168,285</b>	<b>14,825,985</b>	<b>16,095,991</b>	<b>17,867,943</b>	<b>30,028,038</b>

General Fund

The general fund is the chief operating fund of the City. It is used to account for all financial transactions and resources of the general government except those required by law or regulation to be accounted for in another accounting fund. The City operates one General Fund and it is used to account for most tax-supported activities of the City. Expenditures for such functions as administration, community development, building inspection, code enforcement, police, streets, parks, economic development and other similar functions are accounted for in the General Fund.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10.4 million, while total fund balance reached \$12.0 million. Unassigned fund balance represents 143 percent of total general fund expenditures, while total fund balance represents 165 percent of that same amount. In general, it desirable for unassigned general fund balances to be above 100% of general fund expenditures and healthy when over 125%.

<b>General Fund (GF)</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Total GF expenditures	\$5,966,944	\$7,067,984	\$7,377,212	\$7,307,139	\$7,287,162
Unassigned GF fund balance (as a % of total expenditures)	5,882,438 (99%)	7,685,217 (109%)	9,315,919 (126%)	8,819,159 (120%)	10,417,781 (143%)
Total fund GF balance (as a % of total expenditures)	6,882,438 (115%)	8,685,217 (123%)	9,815,919 (133%)	10,819,159 (148%)	12,027,732 (165%)

**Revenues and Expenditures**

According to the City's financial statements, the economy of the City is affected by two major sources: 1) The Marine Corps Air Ground Combat Center "Base". There have been major construction projects on the base that have contributed to the local economy; and 2) Tourism, much of which is generated by the presence of Joshua Tree National Park which adjoins the City on the south.

The figure below taken from the FY 2011 CAFR, shows the Governmental Funds activities and changes in fund balances for the past five fiscal years.

	Fiscal year				
	2007	2008	2009	2010	2011
<b>Revenues</b>					
Taxes	\$7,924,452	\$9,745,246	\$9,914,823	\$10,475,684	\$ 9,309,042
Assessments	-	-	-	-	-
Licenses, permits and fees	332,904	336,718	372,797	323,867	308,165
Intergovernmental	2,088,417	3,366,768	1,828,515	5,624,482	3,214,781
Charges for services	772,938	268,146	328,302	311,596	368,310
Fines, forfeitures, and penalties	40,421	84,699	126,194	109,032	85,946
Investment earnings	537,805	569,671	339,228	160,218	114,214
Other	114,761	78,950	80,643	90,122	95,661
<b>Total revenues</b>	<b>11,811,698</b>	<b>14,450,198</b>	<b>12,990,502</b>	<b>17,095,001</b>	<b>13,496,119</b>
<b>Expenditures</b>					
Current:					
General government	999,035	1,108,533	1,156,538	1,623,961	1,683,836
Public safety	2,790,099	3,343,946	3,322,176	3,365,222	3,819,789
Public works	1,344,728	1,356,026	1,204,409	1,047,198	1,232,431
Community development	889,474	1,793,324	2,050,493	1,891,653	870,411
Health and sanitation	66,361	87,538	93,753	62,153	84,726
Community services	1,522,554	1,181,567	1,329,349	1,326,243	1,451,816
Debt service:					
Principal retirement	22,952	12,024	12,025	13,391	13,831
Interest and fiscal charges	68,935	66,762	44,202	62,927	37,011
Bond issuance costs	-	-	-	-	289,741
Pass-through agreements	-	346,433	375,112	264,309	363,910
Capital outlay	2,219,541	1,551,448	2,226,929	5,665,992	2,928,540
<b>Total expenditures</b>	<b>9,923,679</b>	<b>10,847,601</b>	<b>11,814,986</b>	<b>15,323,049</b>	<b>12,776,042</b>
Excess of revenues over (under) expenditures	1,888,019	3,602,597	1,175,516	1,771,952	720,077
<b>Other financing sources (uses)</b>					
Capital leases	46,818	-	-	-	-
Proceeds from long-term debt	-	-	-	-	11,313,168
Proceeds from sale of capital asset	-	-	-	-	126,850
Transfers in	1,071,988	76,992	219,841	2,095,520	4,096,504
Transfers out	(1,071,988)	(76,992)	(219,841)	(2,095,520)	(4,096,504)
<b>Total other financing sources (uses)</b>	<b>46,818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,440,018</b>
<b>Net change in fund balances</b>	<b>\$1,934,837</b>	<b>\$3,602,597</b>	<b>\$1,175,516</b>	<b>\$ 1,771,952</b>	<b>\$12,160,095</b>
Debt service as a percentage of non-capital expenditures	1.19%	3.9%	3.7%	2.2%	0.52%

## Revenues

The City's main revenue sources are made up of its share of the one percent general levy property tax, vehicle licensing fee, transient tax (bed tax), sales tax and state subventions. There are no direct revenue sources from the Marine Corps section of the City; however, the population of the base is used in population based calculations for state subventions, increasing those by a factor of 8,413.

Total City revenues across all 20 accounting funds are projected to be \$21,239,510 during FY 2011-12. This includes \$9,063,160 (43%) in taxes, \$268,000 (1%) in licenses and permits, \$4,931,560 (23%) in intergovernmental revenues, \$245,000 (1%) in charges for service, \$80,000 (less than 1%) in development impact fees, \$320,790 (2%) in miscellaneous revenues and \$6,331,400 (30%) from fund balances.

### *Property Tax Revenues and Collections*

The City receives property taxes under the “Teeter Plan.”<sup>15</sup> The Teeter Plan allows cities to collect 100 percent of assessed taxes each year in lieu of receiving only those taxes collected by the County. The City has entered into such a contract with the County of San Bernardino, which allows the City to have a more reliable and predictable revenue stream. San Bernardino County receives the penalties and interest when delinquent taxes are collected in future years. The County benefits by charging interest substantially higher than market rates when the delinquent taxes are collected.

Foreclosure activity has affected the nation in general and the City is no exception. According to data obtained from staff of the County of San Bernardino Assessor’s Office, from 2004 to 2007 the City had 128 foreclosures. Foreclosures peaked in 2008 (207), and remained steady for the next three years: 2009 (178), 2010 (172), and 2011 (177). For the purposes of generally representing the extent of the foreclosure activity, the Department of Finance<sup>16</sup> identifies that there were 8,922 total housing units within the City in 2011. The foreclosure of 862 homes represents 9.7% of the household units within the City have been in foreclosure since 2004.

Since FY 2001-02, the total assessed property value has increased 89% from \$427.4 million to \$808.7 million. A robust increase in value of 58% occurred from 2006 through 2009. For the past two fiscal years total assessed property values have dropped by 0.2% and 1.9% respectively. This decrease has impacted the City, including the Twentynine Palms RDA. While the increases were robust, the decreases in assessed value have been relatively low in comparison with other areas of the county. For 2011, the County Assessor’s “Assessment Roll Re-cap Totals for 2011” identifies an increase of 0.8%. This increase, however nominal, is a positive sign for the community. There is a correlation between assessed property value and the receipt of property taxes. The City’s share of the one percent general levy was \$1.42 million in FY 2000-01 and peaked at \$3.93 in FY 2008-09 (177% increase). For FY 2009-10, the City’s share declined 3.9% to \$3.77 million and further declined to \$3.65 million in FY 2010-11. The chart below shows the assessed values and tax levies for the past four years.

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<sup>15</sup> The Teeter Plan was enacted in 1949, an alternative method for allocating delinquent property tax revenues, authorized by Revenue and Taxation Code Section 4701, in which the County Auditor allocates property tax revenues based on the total amount of property taxes billed, but not yet collected. The county government then collects and keeps the delinquency, penalty and interest payments.

<sup>16</sup> State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, 2010-2011, with 2010 Benchmark. Sacramento, California, May 2011.

Year	Assessed Value		Tax Levy			
	Value	% change	Total Tax	% change	City share of Total	RDA increment share of Total
2007-08	<b>763,253,843</b>	19.2%	<b>3,828,229</b>	19.9%	1,991,751	1,836,478
2008-09	<b>825,676,974</b>	8.2%	<b>3,925,241</b>	2.5%	1,951,420	1,973,821
2009-10	<b>824,080,488</b>	-0.2%	<b>3,771,308</b>	-3.9%	1,846,950	1,924,358
2010-11	<b>808,742,502</b>	-1.9%	<b>3,648,685</b>	-3.3%	1,839,516	1,809,169

Source: FY 2010-11 CAFR pages 77 and 85.

### *Building Permit Revenues*

Building permit fees increased dramatically from \$33,233 in FY 2002-03 to \$537,006 in FY 2005-06. The collapse in housing construction in Twentynine Palms and throughout California has resulted in a drop of building permit revenues to \$63,761 in FY 2008-09. Since that time, building construction has made some recovery and building permit revenues in FY 2009-10 were \$224,415. Building permit revenues are expected to be \$190,000 in FY 2010-11 and \$180,000 in FY 2011-12.

### Expenditures

The major expenditure categories include items over \$300,000 annually and they are Non-departmental (e.g., Printing, advertising, lobbyist, dues, internet, audit, insurance, other post-employment benefits), Community Development, Law Enforcement, Recreation Department, and Parks Maintenance.

Citywide expenditures across all accounting funds are projected to be \$20,648,660 during FY 2011-12. This includes \$3,403,100 (17%) for personnel services, \$8,103,100 (39%) for maintenance and operations expenses, \$7,901,460 (38%) for capital equipment and capital improvements and \$1,241,000 (6%) for debt service expenses.

The contract with the County Sheriff’s Department is increasing by \$141,824 (5.43%) from \$2,610,000 in FY 2010-11 to \$2,751,824. This contract includes salary increases for both safety and professional staff that took effect July 2011. In total public safety costs represent 29.9% of the City’s total expenditures.

### *Fire Development Impact Fees Capital Projects Fund*

The mission of the Fire Development Impact Fees Capital Projects Fund is to account for all development impact fee revenues and expenditures for the construction and improvement of public fire protection buildings and facilities as well as the purchase of equipment needed for new development pursuant to the State Mitigation Fee Act. Revenues are projected to be \$40,000 for FY 2011-12. No interest is projected because the Fire Development Impact Fee Capital Projects Fund has a negative fund balance due to the purchase of the fire

ladder truck during FY 2010-11.<sup>17</sup> Fire development impact fees collected during FY 2011-12 will be used to amortize the debt for the fire ladder truck. The Water District operates and maintains the truck and is contracted to repay the purchase cost to the City. The materials submitted do not identify the source of City funds to cover the deficit in the fire development impact fee account. Since it will cover multiple years for accounting purposes it the source and repayment schedule for this inter-fund transfer or transfers should be clearly identified.

### Appropriation Limit (Gann Limit)

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative)<sup>18</sup>, the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. Furthermore, Section 5 of Article XIII B allows the City to designate a portion of fund balance of general contingencies to be used in future years without limitation.

Section 1.5 reads that the annual calculation of the appropriations limit for each entity of local government shall be reviewed as part of an annual financial audit. A review of the financial statements for the past five fiscal years identifies that proceeds of taxes did not exceed appropriations.

Government Code Section 7910<sup>19</sup> expands upon the Gann Initiative and requires each local government to annually establish its appropriation limits by resolution. For FY 2011-12, the City adopted an appropriation limit of \$37,065,322.98.

## **Post-Employment Benefits**

### Pension

The City of Twentynine Palms contributes to the California Public Employees Retirement System (PERS).<sup>20</sup> PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. The most recent financial statements for the City identify that the City has contributed 100% of its annual pension cost since at least FY 2005-06 and currently has a zero net pension obligation.

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<sup>17</sup> Gov Code 38600 reads that, "The legislative body of a city may provide fire engines and all other necessary or proper apparatus for the prevention and extinguishment of fires."

<sup>18</sup> In 1979 the voters amended the California Constitution by passing Proposition 4 (the Gann Initiative), requiring each local Government to set an annual appropriations limit (the Gann Limit).

<sup>19</sup> Added by Stats.1980, c. 1205, p. 4059, § 2. Amended by Stats.1988, c. 1203, § 1; Stats.2007, c. 263 (A.B.310), § 25.

<sup>20</sup> PERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Other Post-Employment Benefits

The City offers its employees health care coverage through PERS. Retired employees are eligible for the same plans as active employees, subject to Medicare supplement for those who qualify. The City currently pays \$500 per month toward each retiree's premiums. There are currently seven retired City employees covered under this provision.

The City is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. ARC rate is 7.4% of the annual covered payroll. The plan is financed on a pay-as-you-go basis.

For FY 2009-10 and FY 2010-11, the City's annual Other Post-Employment Benefits cost (expense) was equal to the ARC, \$159,598 and \$141,828 respectively. For those years, it contributed 100% of the POEB cost. As of June 30, 2010, the funded status of the plan was:

The funding status of the plan as of June 30, 2011 was as follows:	
Actuarial Accrued Liability (AAL)	\$ 1,318,287
Actuarial Value of Plan Assets	133,122
	<hr/>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,185,165</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	10.10%
Covered Payroll (Active Plan Members)	\$ 1,926,863
UAAL as a Percentage of Covered Payroll	61.51%

**V. Status of, and opportunities for, shared facilities.**

Status of shared facilities

The City does not participate in any established joint financing projects. It is allowed use of the school district's facilities for its recreational programs.

Opportunities for shared facilities

In June 2003, a Joint Use Wastewater Treatment Plant Regional Facility Study for the MCAGCC and the City recommended against a joint-use facility for the treatment of wastewater generated by the City and the MCAGCC due to the cost and lack of any information demonstrating there was a problem.

In April 2008, a second study by Winzler & Kelly Consulting Engineers was issued. After comparing the total capital costs for each alternative, each was very expensive with the

exception of Separate-Use Alternative #1. Because the City currently uses individual septic systems, there is no existing infrastructure to be used for a city-wide collection program. The recommendation of the report was that Separate-Use Alternative #1 (Decentralized) be used for the treatment of the City wastewater. Separate-Use Alternative #1 proposes the use of packaged wastewater treatment plants for the treatment of wastewater generated by major subdivisions.

**VI. Accountability for community service needs, including governmental structure and operational efficiencies.**

**Local Government Structure and Community Service Needs**

The City operates under the council-manager form of government. Five council members are elected at large to four-year overlapping terms with the mayor chosen annually by the members of city council. For the November 2010 general election, there were 5,498 registered voters within the City with a 56% voter turnout for that election. City Council meetings are on the second and fourth Tuesdays of the month at 6:00pm at 6136 Adobe Road. Below is the composition of the current council, their positions, and terms of office:

<b>Council Member</b>	<b>Title</b>	<b>Term</b>
John Cole	Mayor	2012
Joel Klink	Mayor pro tem	2012
Jay Corbin	Council Member	2014
Jim Harris	Council Member	2014
Daniel Mintz	Council Member	2014

The City currently has 55 full-time employees, part-time employees, contract employees and seasonal employees and five elected officials. The salaries of the elected officials are set at \$465 per month per council member, for an annual total of \$27,900. Whereas the salary amount is relatively static, the amounts paid for insurance and retirement for council members has increased markedly since FY 2007-08, as shown below.

## Elected Officials Department Expenditures

### Personnel Services

Account Number	Account Description	Actual FY2008	Actual FY2009	Actual FY2010	Estimated FY2011	Approved FY2012
01-0101-4110	Salaries and Wages—Part Time <sup>150</sup>	27,900	28,365	27,900	27,900	27,900
01-0101-4150	Insurance and Retirement	7,869	9,016	12,496	18,500	25,700
	<b>Total Personnel Services</b>	<b>35,769</b>	<b>37,381</b>	<b>40,396</b>	<b>46,400</b>	<b>53,600</b>

### Maintenance and Operations

Account Number	Account Description	Actual FY2008	Actual FY2009	Actual FY2010	Estimated FY2011	Approved FY2012
01-0101-4251	Training and Meetings	16,218	16,254	5,026	13,000	15,000
	<b>Total Maintenance and Operation</b>	<b>16,218</b>	<b>16,254</b>	<b>5,026</b>	<b>13,000</b>	<b>15,000</b>

### Total Elected Officials Department Expenditures

Account Number	Account Description	Actual FY2010	Actual FY2011	Actual FY2010	Estimated FY2011	Approved FY2012
	<b>Total Elected Officials Department Expenditures</b>	<b>51,987</b>	<b>53,635</b>	<b>45,422</b>	<b>59,400</b>	<b>68,600</b>

<sup>150</sup>The salaries of elected are established by the City Council in accordance with Sections 36516 and 36516.5 of the California Government Code. On January 22, 2002, the City Council adopted Ordinance No. 166, establishing the monthly salary for City Council members at \$465 per month. Section 36516(d) of the California Government Code states that any amounts paid by a city for retirement, health and welfare, and federal social security benefits shall not be included for purposes of determining salary under this section provided the same benefits are available and paid by the city for its employees.”

### Operational Efficiencies

Operational efficiencies are realized through several joint agency practices, for example:

- A joint committee (two members each from the City and the Twentynine Palms Water District) has been formed to assess the development of a wastewater management plan and solid nutrient plan.
- The City purchased a fire ladder truck during FY 2010-11 from the Fire Development Impact Fees Capital Projects Fund. The Water District operates and maintains the truck and is contracted to repay the purchase cost to the City.
- In July 1988, the City became a member of the Public Agency Risk Sharing Authority of California (PARSAC), a consortium of 37 California cities to pool resources, share risk, purchase excess insurance, and to share costs for professional risk management and claims administration. The City participates in PARSAC's Workers' Compensation Program.

- In 1989, the Morongo Basin Transit Authority was created as a joint powers agency by the County of San Bernardino and the City of Twentynine Palms. In 1991, the Town of Yucca Valley incorporated and became a part of the Authority. The system provides transit services in the City and certain surrounding areas of the Morongo Basin as a means of meeting the transit needs of various transit dependent groups within the area. The system is primarily funded by Article 8 funds. The City has an ongoing responsibility for providing funding on an annual basis for operating costs of the Authority, but the City has no equity interest in, or claim to the assets of, the Authority.<sup>21</sup>

### Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through “out-of-agency” service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

### Out of Agency Service Agreements

There are no out-of-agency service agreements approved by LAFCO authorizing the City to provide service outside of its boundaries. Further, the City has indicated that it does not provide service outside of its boundaries.

### Government Structure Options:

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>22</sup>. The Guidelines address 49 factors in identifying an agency’s government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

In some cases, functional consolidation or integration can reduce costs so that services can be maintained and improved with fewer dollars. The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical, yet possible, scenarios for the community to consider for the future. Movement towards these scenarios would include, but not be limited to, the requirement to prepare a plan for service, fiscal impact analysis, and any other required studies.

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<sup>21</sup> The financial statements of the Morongo Basin Transit Authority can be obtained from the Authority at 62405 Verbena Road, Joshua Tree, California 92252.

<sup>22</sup> State of California. Governor’s Office of Planning and Research. “Local Agency Formation Commission Municipal Service Review Guidelines”, August 2003.

1. Twentynine Palms Water District becoming a subsidiary district of the City. In order for the Water District to become a subsidiary district of the City, at least 70% of registered voters in the District must reside in the City **and** at least 70% of the District's territory must be within the boundaries of the City.
  - a. For the August 2009 election (the most recent election for the District) the District contained 5,884 registered voters and approximately 5,332 voters of the District were within the City.<sup>23</sup> At 91%, the District meets the threshold for territory within the boundaries of the City.
  - b. The District encompasses 56,919 acres (88.9 square miles) and 35,144 acres (54.9 square miles) of the District is within the boundaries of the City. The District does not meet the territory threshold because only 61.7% of the District's territory is within the boundaries of the City.
2. City as the agency responsible for fire protection. The information presented in the Financial section of this report for the District concludes that the District's Fire operations are unsustainable as currently financed. This determination follows the defeat of the special tax election which was to augment the per parcel special tax for fire funding. Therefore, a change in governance for its Fire service needs to be considered.

If the District's fire function is removed, the City would become responsible for the provision of fire protection within its boundaries as mandated by state law.<sup>24</sup> It would be assumed that the City would succeed to the Water District's special fire tax and fire assets within the city as well as receiving any fire assets purchased with City funds. Being the responsible agency, the City would have two options:

- a. The City could provide the service directly, or
- b. The City could contract with another agency (San Bernardino County Fire Protection District or CalFire) for the provision of the service. In this scenario, the City remains as the agency responsible but contracts for the service level that it can afford and desires.

This would require an application for change of organization to review the divestiture of fire protection function/service for the water district, which would necessitate the development of a Plan for Service, Transition Plan, and Financing Plan showing at least five years of projected revenues/expenditures.

3. County Fire as sole agency responsible. Should the City desire not to be responsible for fire protection within its boundaries, the territory of the Water District could annex to County Fire as a part of the application for divestiture of its fire function/service. Such action would require the City's consent to the overlay of County Fire over the city, but would remove the City's service responsibility, in the

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<sup>23</sup> County of San Bernardino Registrar of Voters, Statement of Votes Cast, General District Election, August 2009.

<sup>24</sup> Government Code Section 38611.

same manner as the current overlay of the Water District.<sup>25</sup> In this case, County Fire would succeed to all of the Water District's assets, liabilities, and special tax. An additional element required would be the formation of a service zone of County Fire utilizing the Water District's boundaries to isolate the special tax revenues. As with the other service zones within County Fire this would require the preparation of an annual budget and audit.

This would also require an application for a sphere of influence expansion and change of organization to review the divestiture of fire protection function/service for the water district, and the annexation to County Fire which would necessitate the development of a Plan for Service, Transition Plan, and Financing Plan showing at least five years of projected revenues/expenditures.

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<sup>25</sup> Government Code Section 38611.

## ***CITY OF TWENTYNINE PALMS SPHERE OF INFLUENCE UPDATE***

### **SPHERE OF INFLUENCE**

#### **Required Meeting between City and the County**

Pursuant to Government Code §56425(b), as a part of the sphere of influence updates for cities conducted by LAFCO, the cities and the County are required to meet and discuss the potential for coordination of land use within the sphere of influence of the city. Additionally, §56425(b) states that the commission shall give great weight to any agreement between the city and county, to the extent that it is consistent with commission policies, in its final determination of the city sphere. The City was made aware of this requirement during the service review/sphere update process initially and again in March 2011 and January 2012. To date, the City and the County have not reached an agreement regarding the City's sphere. Absent a discussion between the City and the County, the Commission shall consider a sphere for the City consistent with its adopted policies (§56425(d)). The City has identified to LAFCO staff that for this sphere of influence update it does not request any modifications to its sphere.

County Development Code Chapter 82.22 establishes a "sphere standards overlay" to allow the implementation of County of standards that closely conform to city development standards. Adoption of such a sphere standard could "ensure that the County's approval of a proposed development in a sphere of influence is consistent with the shared objectives of the County" and the city.

#### **LAFCO Staff Proposed Sphere Amendments:**

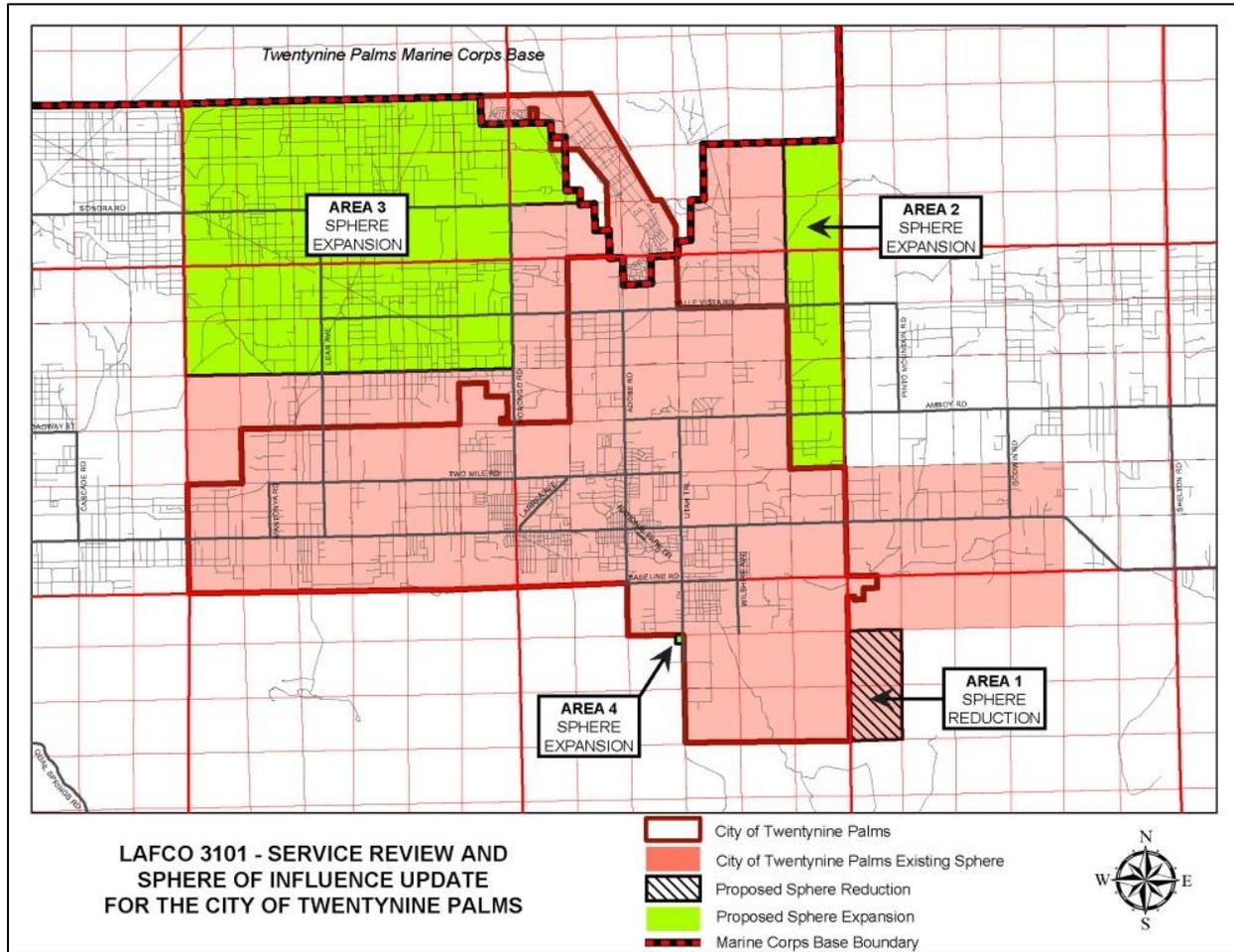
The Commission's policy guidelines for spheres of influence outline its strategy to utilize a "community-by-community" approach to consideration. This practice requires the Commission to look at the whole of the community as defined by the existence of inter-related economic, environmental, geographic and social interests. The Commission's concept is to define a community and adjust the spheres of influence for all related service providers to that community. Such a determination provides direction to both current and future residents as to the agencies designed to serve them.

Therefore, staff is recommending that the Commission modify the sphere of influence for the City of Twentynine Palms to encompass the Twentynine Palms community, as defined by the Commission (with the exception of the City's existing sphere area within the Marine Corps Base). In order to accomplish this, the following sphere of influence amendments are recommended:

- Reduce the City's existing sphere by approximately 1,280 acres (Area 1) to exclude the area along the southeastern portion of the City that is outside the community definition for Twentynine Palms;

- Expand the sphere for the City along the northeast by approximately 3,840 acres (Area 2) which is within the community definition for Twentynine Palms;
- Expand the sphere for the City along the northwest by approximately 19,960 acres (Area 3) which is within the community definition for Twentynine Palms; and,
- Expand the sphere for the City along the south by approximately 10 acres (Area 4) which comprises of a single developed parcel within the current community definition for Twentynine Palms within the Joshua Tree National Park.
- The unincorporated territory along the western border of the Marine Base area of the City is proposed to remain unsphered. This determination is based upon the lack of residential use in the area and dedication of this land to the Base as a wastewater treatment plant and percolation ponds.

By placing these areas within the City's sphere, Commission policy requires the City to prepare plans for the extension of service and incorporate all of its sphere of influence within its planning documents. The Commission's sphere of influence policies require agencies to include their sphere of influence territory within their planning documents. LAFCO staff has received information that the City of Twentynine Palms is currently completing its processing of its General Plan Update and has expressed concern about the impact of these sphere changes on this process. LAFCO staff has identified that the sphere changes proposed would not affect the current process, but would need to be included in any future General Plan Update.



**FACTORS OF CONSIDERATION**

Government Code Section 56425 requires the Commission to make four specific determinations related to a sphere of influence update. The staff’s responses to those factors are as follows:

**I. Present and Planned Uses in the Area, Including Agricultural and Open-Space Lands.**

Within the City’s entire sphere of influence, roughly 71% of the land is privately owned and the remainder, 29%, is public, which are devoted primarily to resource protection and recreational use. It should be noted that the northern section of the City’s boundaries includes a portion of the Marine Corps Air Ground Combat Center (approximately 2,450 acres). This represents approximately 33% of the total public lands identified within the City’s boundaries.

- *Land Uses within the City's Boundaries*

The City has a full range of land uses. Approximately 43% is Rural Living, 32% Single-Family Residential, 6% Open Space Residential, 3% Multi-Family Residential, 4% Commercial, 3% Industrial, 3% Public and Floodway, and 6% Military (portion of the City within the Marine Corps Air Ground Combat Center).

The City is currently in the process of updating its General Plan, which is tentatively scheduled for adoption sometime in 2012. If the City adopts the new General Plan Land Use and Zoning Map, the land uses will generally be the same compared to its current designations except for a few minor changes.

- *Land Uses within the Unincorporated Sphere Area*

Within the City's unincorporated sphere area, approximately 57% is designated Rural Living (total for RL, RL-5, and RL-10), 41% Resource Conservation, and the remainder 2% include Service Commercial and Institutional land uses.

The area being proposed for reduction from the City's current sphere of influence (Area 1) is designated as RC (Resource Conservation) and has no development potential since it is public land administered by the Bureau of Land Management.

The areas being proposed to be added to the City's sphere of influence include lands that are designated primarily as RL-5 (Rural Living, 5-acre lots), RL (Rural Living, 2.5-acre lots), RL-10 (Rural Living 10-acre lots), and RC (Resource Conservation).

## **II. Present and Probable Need for Public Facilities and Services in the Area.**

The City is classified as a "contract city". This term is defined by the State of California as a city which has a contract with another agency or private organization for the provision of various governmental services. Such cities provide many of the basic services (i.e. law enforcement, engineering, libraries, and park) through contracts with outside entities with the contract specifying the levels of service to be provided and the financial compensation for the service.

### **Law Enforcement**

There are currently 11 sworn personnel assigned to the City including eight patrol officers, one juvenile (school resource) officer, one traffic officer and one detective. These personnel serve the City's residents on a full-time basis. Sworn supervisory staff includes six sergeants, one lieutenant, and one captain (who serves as the City's Chief of Police) and are shared with the Town of Yucca Valley and the Morongo Basin Station's county patrol operations. Clerical staff, dispatch and specialized law enforcement services (SWAT, aviation, intelligence, narcotics, homicide and specialized investigations, evidence processing and handling, training, etc.) are provided to the City by the San Bernardino County Sheriff's Department pursuant to the law enforcement services contract.

## **Roads**

Upon incorporation, the City assumed responsibility from the County for a road system in which some streets were maintained and others were not. Streets that were built to the County's standard were in the maintained system and transferred to the City. In addition, dedicated but unpaved, substandard streets were also transferred to the City upon its incorporation.

Twentynine Palms Highway (Highway 62) represents a constraint on the City's circulation system as it divides the City in two. Maintenance and highway improvements must be coordinated through Caltrans as Twentynine Palms Highway is part of the State Highway System. Even though Twentynine Palms Highway represents a constraint on the City's circulation system, it also serves as the City's primary access route as there are very limited access alternatives to the highway. Due to the highway's role as the main thoroughfare in and out of the City and region, it receives a high volume of traffic.

According to the City, future improvements will be scheduled based on available budget and possible Federal and State grant awards to the City. Further, the lack of resources limits the ability to perform street maintenance throughout the City. Typically maintenance is only provided to streets improved to City's standards; however, during emergencies, street maintenance is provided to all City streets.

Accessibility to the National Park is extremely important to the area's tourism industry. As of 2009, there are three access points to the National Park through the City, the main entrance is located on Utah Trail, a second entrance is located on Indian Cove Road, and a third entrance is located on Canyon Road (Fortynine Palms Canyon Road). The Canyon Road entrance ends on a trail staging area located at the park's northern boundary. The Utah Trail and Indian Cove Road entrances provide full access to the National Park. All streets leading up to the National Park entrances are improved.

For FY 2011-12, the City budgeted \$450,000 to construct curb, gutter and sidewalk on the west side of National Park Drive from Highway 62 to the Joshua Tree National Park Headquarters to promote economic development and improve pedestrian circulation between the National Park and downtown. The Project includes constructing sidewalks completely around the Old School House Museum and in front of the 29 Palms Art Gallery. The FY 2011-12 budget also identifies that the City will contribute \$200,000 to the widening of Highway 62 from Sunrise to Canyon to include a turn lane and two traffic lanes in each direction. In addition, the City has budgeted \$500,000, including \$200,000 in Measure I funds and \$300,000 from the Redevelopment Agency Capital Projects Fund, to complete the environmental document, engineering and phase I construction of street widening, curb, gutter and sidewalk from Encelia Avenue to Split Rock Avenue on Highway 62. To allow residential areas north of the City better access to the commercial areas on Highway 62, the City has budgeted \$200,000 from the General Capital Projects Fund to construct 0.25 miles of two-lane road on Encelia Drive from Sunnyslope Avenue to

Two-Mile Road. The City has budgeted \$25,000 for backup batteries for traffic lights and has reserved another \$500,000 for curb, gutter and sidewalk construction in the downtown area at a location to be determined by the City Council.

## **Park & Recreation**

The Twentynine Palms Parks and Recreation Master Plan outlines several proposed upgrades and expansions to the existing recreational infrastructure. This is divided into parks and recreational facilities.

### **Parks**

- Luckie Park –Most of the City’s recreational programs and activities occur at this park. The aim is to reduce the demand of recreational activities on this park to alleviate overcrowding, and spread park demand among other park sites. Upgrading the facilities at this park includes:
  - On-going improvements so the park remains the centerpiece of the community park system.
  - Planting of new trees to add to the existing tree canopy system in the park will help provide shade in the future.
  - Adding new aquatic elements to the swimming pool such as a water slide or water play area.
- Knott’s Sky Park – As the second largest developed park in the City, Knott’s Sky Park is planned for additional recreational amenities to help alleviate recreational demand at Luckie Park. Some of the improvements planned for this site include: upgrading the baseball/softball fields, provide permanent restrooms, scheduling community events, horseshoe pits, skate park, basketball courts, tennis courts, soccer fields, and trail system.
- Pioneer Park – Most of Pioneer Park is undeveloped with the only developed portion of the park being used by Theatre 29. The vision of the site is to develop it as a center for community and regional activity. Plans for this site include: continued use by Theatre 29 for their community plays and activities, and prepare a feasibility study outlining potential park uses.
- Veteran’s Park – Located between City Hall and the County Library, this site contains few recreational amenities. The vision for this site is to serve as a community gathering place and be integrated with the civic center. Improvements to this site include: plaza areas for community events, shaded turf areas, public art, and interactive water feature or fountain.
- Bucklin Park – Bucklin Park serves as a focus to the downtown business area. Strategies to encourage usage of the park include outdoor programming options with local businesses and arts groups, and the provision of paved parking and restroom facilities.

The City's Master Plan of Parks and Recreation also identified six potential future park areas that will provide access to park facilities for the entire community.

### Recreational Facilities

Indoor Facilities – There is a huge demand for an indoor recreation center given the location of the City and the extreme outdoor temperature it experiences. Such activities that could take place in this facility include; dance, fitness, flexible classroom space, indoor sports, social gathering and social programs. A proposed location for this facility could be established at the existing Community Services building site. In addition, senior and youth programs can be tailored into this new center, and the existing centers repurposed.

Community Pool Facilities – The implementation of aquatic features and water play features at existing swimming pools would provide comfort and relief for those recreating outdoors. The City could upgrade the swimming pool at Luckie Park, and water playgrounds in new community parks and Veteran's Park to incorporate desired aquatic play opportunities.

Sports Fields and Courts – The need for sports fields and courts in the City stems from the evolving and growing nature of field sports that residents are involved in including basketball, baseball, softball, soccer and football. Meeting this need will require large amounts of contiguous land in order to continue to provide for sporting facilities that caters to the City's diverse recreational activities. In an effort to keep up with the growing demand for these sports, the City could:

- Continue to provide sporting leagues and programs for both youth and adults.
- Provide fields for the population (1 per 4,600 people for baseball/softball, 1 per 6,900 people for soccer/football). Fields could be lighted for nighttime use as most of the activities occur at night due to extreme temperatures during the day.
- Continue to provide basketball courts in the design of new parks.

The FY 2011-12 budget identifies that the Community Services Department is budgeted \$75,000 to rebuild the well in Luckie Park and \$70,060 to upgrade the swimming pool to meet new San Bernardino County standards. \$80,000 is budgeted for Knott's Sky Park to complete an electrical master plan and install the underground electrical facilities at the park. \$20,000 has also been reserved in the General Capital Projects Fund Balance to replace the mural removed by Walgreens or sponsor some other public art piece.

In April 2010, the County Board of Supervisors allocated Community Development Block Grant funds totaling \$90,000 for the community center and \$20,000 for Knott Sky Park. The \$90,000 for the community center paid for added concrete pads and a shade structure on the south side of the building.

## **Streetlighting**

The City operates 327 streetlights. Southern California Edison owns the streetlights and responds to problems, and the City provides for payment of the utility costs associated with the individual lights.

The City has adopted a Night Sky Ordinance, which is a part of its Development Code (Chapter 19.70 – Lighting Standards). The intent of the ordinance is to encourage effective, non-detrimental lighting; to maintain night-time safety, utility, security and productivity; and to encourage lighting practices and systems which will minimize light pollution, glare, and light trespass, conserve energy and resources and curtail the degradation of the night time visual environment. The ordinance outlines standards to which outdoor lighting may occur.

## **Wastewater**

The entire City, except for the annexed Mainside area at the U.S. Marine Corps Air Ground Combat Center (“MCAGCC”) is currently on septic systems and leach fields. The City portion of the Mainside area is provided a wastewater collection system owned and managed by the Base. In June 2003, a Joint Use Wastewater Treatment Plant Regional Facility Study for the MCAGCC and the City was completed by Winzler & Kelly Consulting Engineers. That study recommended against a joint-use facility for the treatment of wastewater generated by the City and the MCAGCC due to the cost and lack of any information demonstrating there was a problem.

In 2007, the Twentynine Palms Water District and the City met in a joint session to discuss the need for oversight of packaged treatment plants, since such oversight is mandated by the Regional Water Quality Control Board. Through a joint resolution, the City was designated as the lead agency in the oversight of packaged treatment plants within the City limits, and the District will be provided the opportunity to make recommendations on the standards to be established by the City.

In April 2008, a second study by Winzler & Kelly Consulting Engineers was issued. The object of that study was to provide a basis of comparison between a joint-use facility for treatment of combined wastewater flows and a new facility for separate treatment. Two joint-use and three separate-use alternatives were evaluated for treatment of the area’s wastewater. Joint-use alternatives included upgrading the existing Mainside Wastewater Treatment Plant and construction of a new wastewater treatment plant at a location between MCAGCC and the City. Separate-use alternatives for the City include using decentralized package wastewater treatment facilities or centralized system that would use either a natural process or a mechanical process for wastewater treatment. Because the City currently uses individual septic systems, there is no existing infrastructure to be used for a city-wide collection program. Collection pipelines, laterals and a trunk sewer main will all be required for collecting and transporting wastewater to the desired facility. Based on the proposed area of service, it was estimated that that collection facilities and a sewer trunk line will cost approximately \$34 million.

The recommendation of the report was that Separate-Use Alternative #1 (Decentralized) be used for the treatment of the City wastewater. Separate-Use Alternative #1 proposes the use of package wastewater treatment plants for the treatment of wastewater generated by major subdivisions. Capital costs for this alternative are small for the City as the construction and associated collection facilities would be financed by the developers of new subdivisions.

The Regional Water Quality Control Board has expressed concern over the potential contamination of groundwater resources by nitrates from the improper installation and maintenance of septic systems in Twentynine Palms. They are requiring Yucca Valley to construct a wastewater treatment plant and collection system and the Twentynine Palms community may be required to do so in the near future. The City has budgeted \$100,000 in FY 2011-12 to update the 2008 Wastewater Treatment Plant Joint-Use Study and examine the legal, regulatory, fiscal and technological issues surrounding the proper handling of wastewater in Twentynine Palms. The study will also include an examination and analysis of the management and maintenance of current wastewater treatment "package" plants.

Additionally, a joint committee (two members each from the City and the Twentynine Palms Water District) has been formed to assess the development of a wastewater management plan and solid nutrient plan.

### **III. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide.**

As a municipality, the City is responsible for law enforcement within its boundaries and has chosen to contract with the County for law enforcement services tailored to its needs and financial resources. The City is within the boundaries of the Twentynine Palms Water District which provides retail water, fire protection, and emergency medical response services. There currently is no organized municipal sewage collection system or wastewater treatment facility within the City. On-site septic systems have been historically utilized by residences and businesses throughout the City. The City provides some services directly within its limits which include road maintenance and park and recreation services.

#### **Law Enforcement**

Police protection is provided through contract with the San Bernardino County Sheriff's Department. Service is provided from the Morongo Basin station at 6527 White Feather Road in Joshua Tree and Sheriff's Department personnel are provided a satellite office at Twentynine Palms City Hall on Adobe Road. Police services are dispatched from the Communications Center in Victorville but the satellite office is centrally located for efficient response. The Morongo Basin station is equipped with 12 police vehicles, which includes five marked vehicles, one unmarked vehicle, two off-highway motorcycles, three citizen patrol units, and one radar trailer.

The Sheriff's Office provides various crime reducing projects such as Operation Clean Sweep, Choices Youth Program, Juvenile Crime Reduction Plan, Citizens on Patrol and the appointment of a School Resources Officer.

- Operation Clean Sweep is designed to address problems at local schools, which are not of a significant criminal nature, and allows school personnel to write citations for such violations.
- Choices Youth Program is an activity/education program for at-risk youth administered by the City's Community Services Department in cooperation with the Sheriffs' Department.
- The Juvenile Crime Reduction Plan allows teams of officers to "adopt" local schools to reduce campus-related crime and develop site specific Safe Schools Plans.
- The Citizens on Patrol Unit supplements the City's uniformed patrol officers with more than two dozen trained residents who donate thousands of volunteer hours each year. They patrol the neighborhoods acting as an "extra" set of eyes and ears for the City's patrol officers. They also assist with crowd control, traffic control, community events and the Public Safety Office at City Hall.

### Roads

The City maintains the roads within its corporate boundaries. In 2001, the City maintained 174 miles of streets and by 2010 only three additional miles of streets were maintained.

Typical street improvements include two-lanes of pavement, one-lane of pavement on each direction. Aside from Twentynine Palms Highway and Adobe Road, even the City's primary corridors are generally only improved to the two-lane pavement standard. The primary reason that most streets are not improved is because street construction is extremely costly. The lack of street improvements is also attributed to the fact that the City is fairly large, which requires more streets to provide an adequate level of service to City residents.

### Park and Recreation

The City of Twentynine Palms has 175 acres of recreational opportunities made up of parks, special use areas and passive use areas provided by different sources including the City of Twentynine Palms, the Morongo School District and the Marine Corps Air Ground Combat Center.

The City has five parks in various sizes and the provision of recreational activities. Luckie Park (27-acre) is the biggest and most used park in the City. This park offers the most recreational variety which includes a swimming pool and lighted recreational facilities. Knotts Sky Park (19-acre) and Pioneer Park (18-acre) are the next largest, with Pioneer Park being partially developed. Veteran's Park (6.4-acre) and Bucklin Park (0.4-acre) are the smallest parks in the City.

In addition to parks, the City offers a range of community facilities and activities. The senior center is operated by a non-profit group, Reachout 29. The senior center offers a variety of activities and services for senior citizens such as a nutritional information workshop, bingo, computer classes, bridge club, aging and adult services, food distribution, in home supportive services, home weatherization programs, Braille institute visits, senior companion program, volunteer work and movie showings. A City owned facility, Theatre 29, is operated by the local community theatre group that stages performances throughout the year at Pioneer Park. The Youth Club is a non-profit program located in Luckie Park and offers after school and summer programs for youths ranging from ages seven to seventeen.

#### Other Facilities:

- Golf Course – The City has one golf course within its boundaries; the Road Runner Dunes Golf Course located at 4733 Desert Knoll Avenue. This is a private, 9-hole course.
- School District - The City's Community Services Department uses several of the District's facilities for youth and adult recreational activities. The City and District both allow mutual use of their facilities to each other, although there is no actual joint use agreement.
- Joshua Tree National Park (Federal) - Joshua Tree National Park is located on the southern boundary of the City. The park was declared a National Park in 1994 by Congress, and had been a National Monument since 1936. Direct access to the park from the City greatly increases the recreational opportunities provided for the residents of Twentynine Palms.
- Bureau of Land Management (Federal) - The Bureau of Land Management has extensive holdings in the Twentynine Palms area, much of which is open for uses such as camping and wildlife watching.
- Others - Located within the region of the City are the San Bernardino National Forest, Mojave National Preserve and Mount San Jacinto State Park. These natural areas provide a scenic environment for passive forms of recreation for the residents of Twentynine Palms which includes hiking, camping and nature watching.

#### Streetlighting

The City currently operates 327 streetlights. There are no plans at this time to increase the number of the streetlights. However, if the community continues to see growth in its population, the need for streetlights will also increase.

Wastewater

Currently, there are three package treatments plants in operation in the City. An additional 11 package treatment plants have been proposed or are approved for various residential tract maps within the City.

The Regional Water Quality Control Board has expressed concern over the potential contamination of groundwater resources by nitrates from the improper installation and maintenance of septic systems in Twentynine Palms. However, there are currently no plans at this time for construction of a city-wide wastewater treatment plant and collection system.

**IV. Existence of any Social or Economic Communities of Interest in the Area.**

Social and economic communities of interest include the City of Twentynine Palms, the Marine Corps Base, Joshua Tree National Park, Twentynine Palms Highway, and the Morongo Unified School District.

**CONCLUSION FOR CITY OF TWENTYNINE PALMS:**

Staff is recommending that the Commission make the following sphere determinations for the City of Twentynine Palms:

1. Reduce the City's existing sphere by a total of approximately 1,280 acres (Area 1) to exclude its existing sphere area outside the LAFCO defined Twentynine Palms community;
2. Expand the City's sphere for a total of approximately 23,810 acres, which are within the current community definition for Twentynine Palms, identified as follows:
  - Approximately 3,840 acres (Area 2);
  - Approximately 19,960 acres (Area 3); and
  - Approximately 10 acres (Area 4), which comprises of a single developed-parcel within the Joshua Tree National Park.

## **TWENTYNINE PALMS WATER DISTRICT**

### **Service Review and Sphere of Influence Update**

#### **INTRODUCTION:**

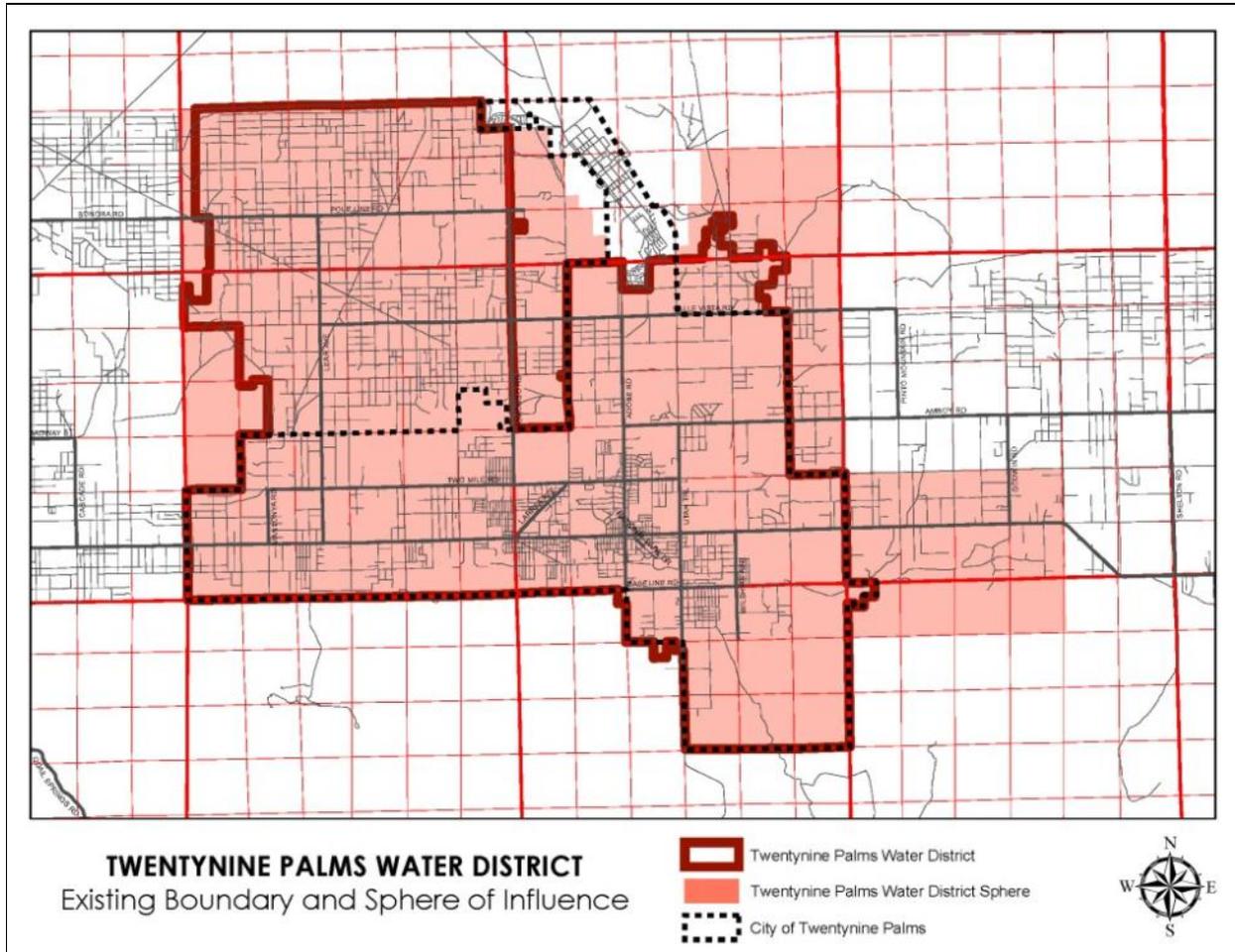
LAFCO 3104 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Twentynine Palms Water District (“Water District” or “District”).

The Twentynine Palms Water District was formed in 1954 under the County Water District Law, for the purpose of supplying potable water and for other statutory purposes, including fire protection. The Water District is an independent special district with a five-member board of directors and operates under County Water District Law (Division 12 of the Water Code, Sections 30000 et seq.). Currently, the Water District is authorized by LAFCO to provide the functions of water, sewer (limited to planning) and fire protection pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*.

As discussed in the Sphere of Influence Update section in this report for the Water District, staff is recommending modification to the District’s sphere of influence to coincide with the Commission’s definition for the Twentynine Palms community (sphere reduction of approximately 39.5 acres).

#### **LOCATION AND BOUNDARIES:**

The service review and sphere of influence update study area encompasses approximately 121 square miles. The service review and sphere study area is located in the south desert region of the County and is generally bordered by the Joshua Tree National Park on the south, the Joshua Basin Water District on the west, the Twentynine Palms Marine Corps Base on the north, and the Wonder Valley community, defined by County Service Area 70 Zone M, on the east. A map of the District and its current sphere are shown below and is included as a part of Attachment #3.



## ***TWENTYNINE PALMS WATER DISTRICT SERVICE REVIEW***

In 2003, LAFCO adopted the Governor's Office of Planning and Research (OPR) Municipal Service Review Guidelines by reference for its use during the conduct of service reviews. These Guidelines provide a step-by-step approach to understanding the service review process as set forth by Government Code Section 56430 as well as factors that LAFCO may wish to address in its service review of an agency.<sup>26</sup>

At the request of LAFCO staff, the District prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response to LAFCO's original and updated requests for materials includes, but is not limited to, the narrative response to the factors for a service review, response to LAFCO staff's request for information, and financial documents (included as Attachment #3). LAFCO staff responses to the mandatory factors

<sup>26</sup> State of California, Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the district’s response and supporting materials.

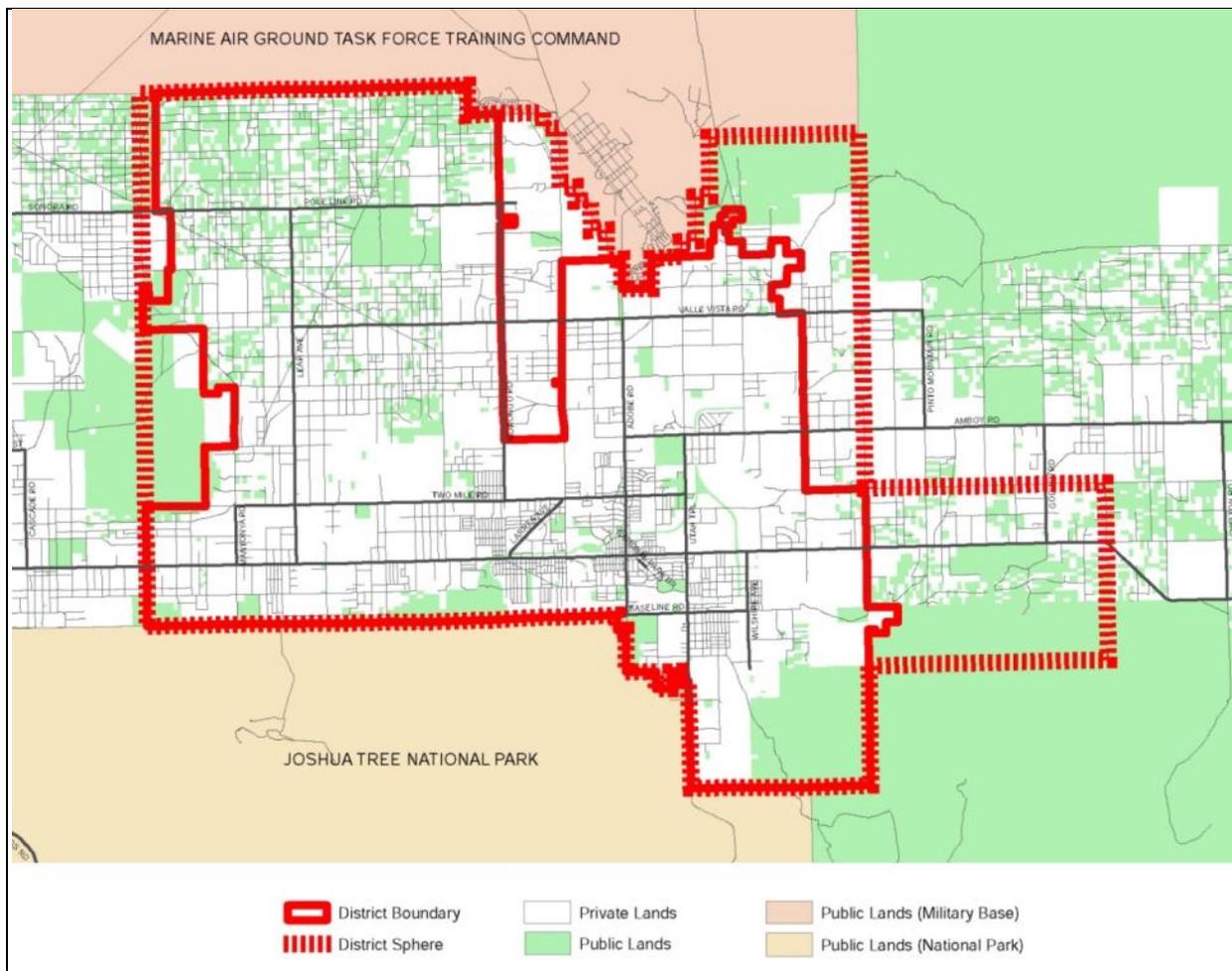
**I. Growth and population projections for the affected area.**

Land Ownership

The land ownership distribution and breakdown within the District’s boundary and current sphere are identified on the map below. Within its entire sphere, roughly 73% of the land is privately owned and the remainder, 27%, is public, which are devoted primarily to resource protection and recreational use.

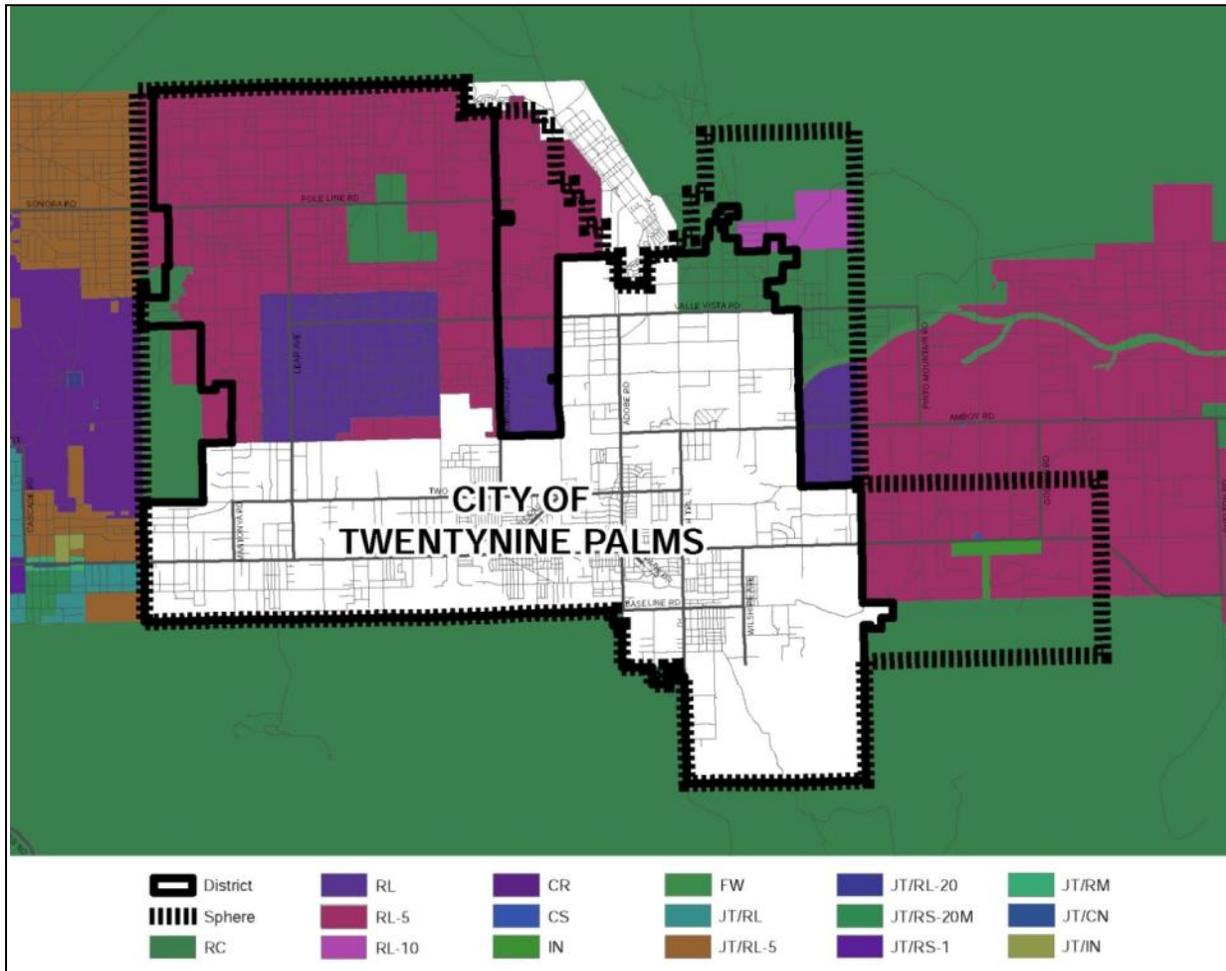
**Land Ownership Breakdown (in Acres)  
 Within Twentynine Palms Water District**

Ownership Type	Boundary	Sphere (outside boundary)	Total Area
Private	45,250	11,611	<b>56,861</b>
Public Lands – Federal (BLM), State, & others	11,669	8,888	<b>20,557</b>
<b>Total</b>	<b>56,919</b>	<b>20,499</b>	<b>77,418</b>



Land Use

The study area includes territory within the City of Twentynine Palms (portion) and the unincorporated County. Below is a map that identifies the County of San Bernardino's land use designations within the study area.



**General Plan Land Use Districts (In Acres)  
Within Twentynine Palms Water District**

<b>Land Use</b>	<b>Boundary</b>	<b>Sphere</b> (outside boundary)	<b>Total Area</b>
City's Land Uses	35,184		35,184
County Land Use Designations			
Resource Conservation (RC)	2,680	7,821	10,501
Rural Living (RL)	4,444	2,228	6,672
RL-5	14,571	9,128	23,699
RL-10	40	930	970
Floodway (FW)		79	79
Service Commercial (CS)		10	10
Institutional (IN)		303	303
<b>Total</b>	<b>56,919</b>	<b>20,499</b>	<b>77,418</b>

Within the study area, approximately 40% is designated Rural Living, 14% Resource Conservation, and 1% a mix of Commercial, Institutional, and Floodway land uses. The remainder 45% is within the City of Twentynine Palms.

*Incorporated Portion of the Study Area*

Within the City boundaries, approximately 46% is Rural Living, 34 % Single-Family Residential, 7% Open Space Residential, 3% Multi-Family Residential, 4% Commercial, 3% Industrial, 3% Public and Floodway. The only portion within the City that is not a part of the study area is the portion within the Marine Corps Air Ground Combat Center identified in the City's General Plan as Military (approximately 2,450 acres). For a complete breakdown of the land uses with the City, please refer to the City's service review section related to land use (City's service review growth and population projections section, page 71).

**Population**

Population Projections

In 2000, the population within the Water District's boundaries was 15,827. Based on the 2010 Census, the current population for the area is 17,974. This represented an average annual growth rate of approximately 1.3 percent within the given period.

The projected growth for the Water District's boundaries was calculated utilizing a combination of the growth rates identified in the Regional Council of the Southern California Association of Governments (SCAG) Draft 2012 Regional Transportation Plan (RTP) Integrated Growth Forecast for the City of Twentynine Palms and the County's unincorporated area for the given periods, and the use of average annual growth rate (including a revision made by LAFCO staff related to City's population and the assumption of a constant population within to the Marine Corps Base). By 2040, the population within the Water District is estimated to reach 31,946. This represents a projected annual growth

rate of approximately 1.9 percent between 2010 and 2040, which also represents a total population increase of 78 percent from 2010.

**Population Projection 2010-2040  
 Within the Twentynine Palms Water District**

Census		Population Projection					
2000	2010	2015	2020	2025	2030	2035	2040
15,827 <sup>27</sup>	17,974 <sup>28</sup>	20,063 <sup>29</sup>	22,410	24,486 <sup>30</sup>	26,755	29,235	31,946

The population projections shown above may represent an unattainable growth trend based on the historic growth experienced in the region. In addition to the marginal growth experience in the last 10 years, there are other circumstances in the region that tend to restrict growth (i.e. water quality issues, potential for development restrictions related to the use of septic systems, etc.). Based on these issues, actual growth is expected to be much lower than projected.

**Build-out**

The table below provides the potential build-out within the Water District's territory. This build-out scenario takes into consideration the existing land use designations assigned for the area and the dwelling unit densities assigned for each residential land use<sup>31</sup>.

**Land Use Maximum Build-Out  
 Within the Twentynine Palms Water District**

Land Use	Acreage	Density (D.U. Per Acre)	Maximum Build-out (DU's)
County Area Residential Land Use			
Resource Conservation	2,680	0.025	67
RL-10 (Rural Living 10 acres)	40	0.1	4
RL-5 (Rural Living 5 acres)	14,571	0.2	2,914
RL (Rural Living 2.5 acres)	4,444	0.4	1,778
City Area Total Residential Land Use (land use breakdown on page 23)	31,446		45,965
<b>Water District Total Residential</b>	<b>53,181</b>		<b>50,728</b>

<sup>27</sup> 2000 population data was derived from the 2000 Census for the Twentynine Palms Water District area.

<sup>28</sup> 2010 population data was derived from the 2010 Census for the Twentynine Palms Water District area.

<sup>29</sup> 2015 and 2020 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG's 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the City of Twentynine Palms and the unincorporated County area between 2010 and 2020 data.

<sup>30</sup> 2025, 2030, 2035 and 2040 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG's 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the City of Twentynine Palms and the unincorporated County area between 2020 and 2035 data.

<sup>31</sup> The information related to densities does not take into consideration the housing units within the Marine Base.

The population projections identified earlier indicates that the population within the Water District's territory will be 31,946 by 2040. Based on the maximum residential build-out within the Water District's territory, the projected maximum population is anticipated to reach 149,546<sup>32</sup>. Likewise, based on the projected population for 2040, it is anticipated that the number of households within the Water District's territory will be 10,836 with a maximum potential build-out to reach approximately 50,728. These imply that the study area will reach 21 percent of its potential household and population capacity by 2040.

**Population and Household Projection  
 Within the Twentynine Palms Water District**

	<b>Projection 2040</b>	<b>Maximum Build-out</b>	<b>Ratio of 2040 Projection with Maximum Build-out</b>
Population	31,946	149,546	0.21
Households	10,836	50,728	0.21

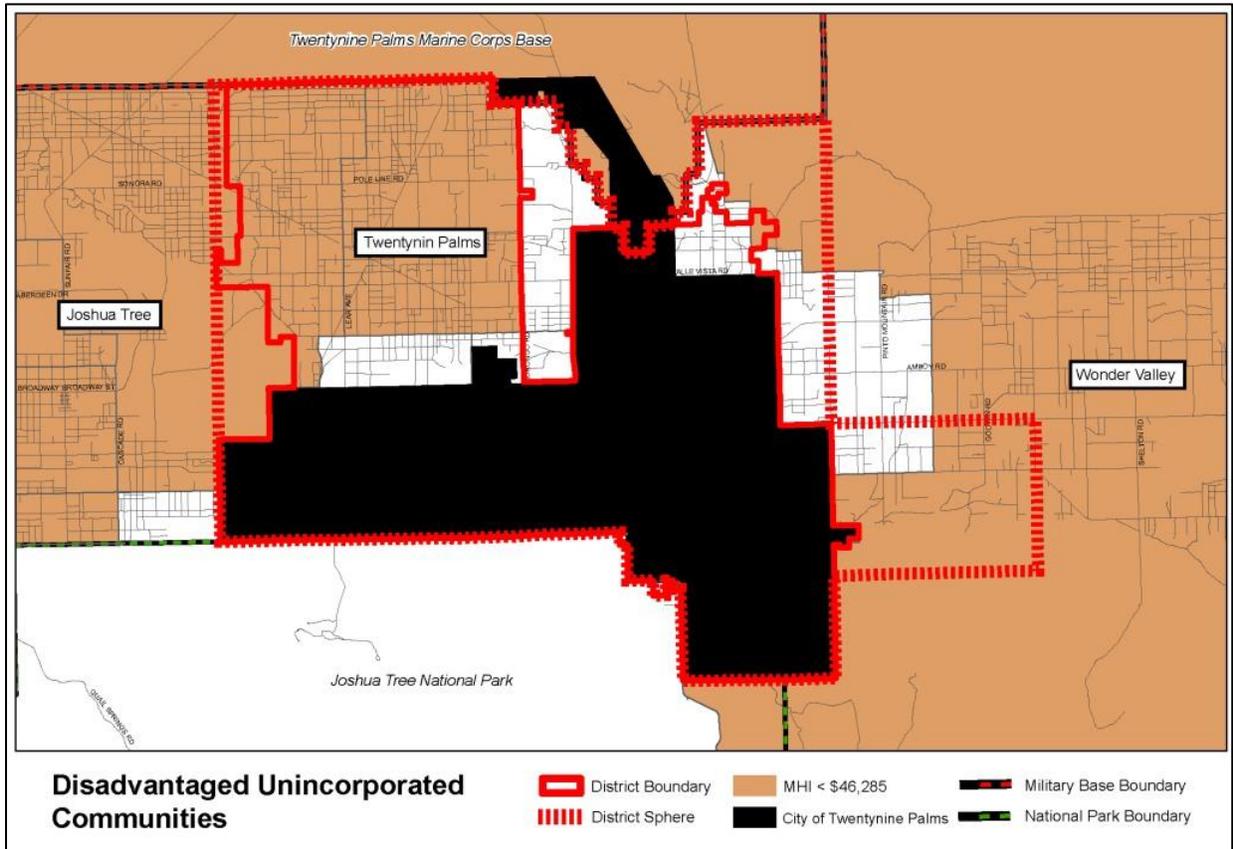
**II. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

Disadvantaged unincorporated communities are those communities that have an annual median household income that is less than 80 percent of the statewide annual median household income, which is under \$46,285. Based on the census data<sup>33</sup>, the map below illustrates the areas within and around the Water District's sphere of influence that are classified as disadvantaged unincorporated communities.

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<sup>32</sup> Source: Persons per household @ 2.948 based on the ratio for the City of Twentynine Palms as identified in the State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State, 2001-2010, with 2000 Benchmark. Sacramento, California, May 2010.

<sup>33</sup> Median Household Income data is taken from the American Community Survey 5 year (2006-2010) summary using the block group level.



As shown on the map, portions of the Water District’s unincorporated sphere of influence are considered disadvantaged unincorporated communities. The communities of Wonder Valley and Joshua Tree are communities considered disadvantaged unincorporated communities that are contiguous to the District’s sphere of influence.

Within the Water District’s unincorporated sphere of influence, the areas identified as disadvantaged unincorporated communities are comprised of sparse rural residential development with large lot residential development (primarily Rural Living, 5-acre lots).

The unincorporated community of Wonder Valley extends into (portion) and is adjacent to the Water District’s eastern sphere of influence. The community is also very rural in nature with large lot residential development (primarily Rural Living, 5-acre lots).

The unincorporated community Joshua Tree is adjacent to the Water District’s western sphere of influence. The community is characterized by an abundance of open space and natural resources. The community is also rural in nature with residential development primarily with a Rural Living (2.5-acre lots) land use designation. Located between the Town of Yucca Valley and the City of Twentynine Palms, Joshua Tree also serves as the entry point to the Joshua Tree National Park.

**III. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs and deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

This determination cites and incorporates excerpts from the following sources: 2010 Urban Water Management Plan, 2010 Consumer Confidence Report, 2008 Groundwater Management Plan Update, 1989 Fire Master Plan, the District's narrative response to the factors for a service review, and City of Twentynine Palms Draft 2010 General Plan Update. Other materials have been referenced but not cited.

**A. Water**

Managing and conserving water resources is critical in sustaining cities and population centers, and this is especially true for desert communities receiving marginal precipitation. Currently, the District is the sole retail water provider within the community, actively providing retail water service via a pressurized system to incorporated and unincorporated areas. The District provides limited hauled water opportunities for residents within its boundaries.

**Groundwater Basins**

The District currently relies solely on groundwater as its source. The District overlies three non-adjudicated groundwater basins: the Twentynine Palms Valley Basins (Mesquite Springs Basin), Joshua Tree Basin, and Dale Valley Basin. Within the Joshua Tree Basin are three subbasins: the Indian Cove, Fortynine Palms, and Eastern Subbasins. The District does not produce from the Dale Valley Basin.

**Twentynine Palms Valley Groundwater Basin**

The Twentynine Palms Valley Groundwater Basin encompasses 97.5 square miles and underlies most of the northern portion of the District's service area. Water is produced from this basin through the TP1 production well, which provides water for the Fluoride Removal Water Treatment Plant. Groundwater levels in the basin are generally stable. No water level declines have been observed in the basin.

Storage capacity of the entire Twentynine Palms Valley Basin, also known locally as the Mesquite Basin, is estimated in the Department of Water Resource's Bulletin 118 (last updated February 2004) as 1,420,000 AF. The basin is considered to be in overdraft, as the estimated annual rate of groundwater depletion is 1,500 AF while recharge is only 300 AF. Additionally, the Colorado River Basin Plan identifies the Twentynine Palms Valley Subunit of the Dale Hydrologic Unit as being an area where overdraft and increase of mineral content (particularly fluoride) of the groundwater are concerns. The District overlies and only pumps from the southern portion of this basin.

### Joshua Tree Groundwater Basin

The Joshua Tree Groundwater Basin encompasses 53.8 square miles and underlies an area south of the Pinto Mountain fault beneath the town of Joshua Tree, eastward to immediately south of the town of Twentynine Palms. DWR Bulletin 118 estimates total storage capacity of the Joshua Tree Basin to be 2,540,000 acre-feet (AF). This estimate applies to the entire groundwater basin, and not just the overlying area which the District manages. Groundwater in storage was estimated to be 1,010,000 AF. Actual groundwater extractions in the Joshua Tree Basin are measured by the Joshua Basin Water District. Data suggest that extractions between 1985 and 1995 were over 50 percent more than natural recharge and that groundwater levels have dropped by an average of 1 foot per year since about 1973.

#### *Indian Cove Subbasin*

The Indian Cove Subbasin encompasses 20 square miles and is located southwest of the City of Twentynine Palms in the Joshua Tree Basin. Five of the District's production wells are in this subbasin. The stream valley rarely floods, suggesting that a significant part of the runoff is infiltrating into the groundwater. Water level declines of less than 10 feet have been observed in this subbasin.

#### *Fortynine Palms Subbasin*

The Fortynine Palms Subbasin is the smallest of the District's Subbasins in volume and watershed. Three of the District's production wells are in this Subbasin. Water level declines of nearly 50 feet have been observed in the Fortynine Palms Subbasin.

#### *Eastern Subbasin*

The Eastern Subbasin has the largest watershed and sediment volume of the District's Subbasins. One of the District's production wells is in this subbasin. Water level declines of between 10 and 25 feet have been observed in the Eastern Subbasin. Water in the Eastern Subbasin has higher fluoride levels than any of the other subbasins.

### **Current Supply, Demand, and Facilities**

#### Connections

The District currently serves 7,983 connections, all of which are metered accounts. Approximately 94 percent of the service connections are residential. Commercial connections account for approximately 4.5 percent, landscape irrigation connections account for less than one percent, and fire protection/non-potable connections account for the remaining 1.4 percent of the District's total connections. Records going back to 1994 indicate the relatively similar percentage distributions amongst the land use types. The Marine Corps base provides its own water supply and is not associated with any of the numbers and projects in the Urban Water Management Plan.

## Supply and Demand

Potable water is scarce in the District for several reasons:

- 1) The area receives an average of only four inches of annual rainfall.
- 2) There is negligible infiltration of direct precipitation in areas where the alluvial deposits are thick.
- 3) A substantial amount of runoff is lost to evaporation after flowing into the basin.
- 4) Some of the water is unsuitable for drinking water due to naturally-occurring soluble minerals, such as fluoride.

Water provided by the District is derived solely from groundwater pumped from supply wells located along the southern limit of the service area. As of 2010, the District has ten active production wells. The remaining wells are inactive and/or used for groundwater monitoring. Available information indicates that more than 400 private wells have also been constructed within the District's service area. Most of these wells are not currently operated.

Historic pumping and water deliveries by the District have steadily increased since its formation in the mid-1950s. Annual pumping in the 1990s regularly exceeded 900 million gallons (approximately 2,760 acre-feet per year [AFY]), with average daily delivery per service connection slightly under 400 gallons. Total water demand in the District was 2,674 acre-feet (AF) in 2010, with a projected demand of 3,119 AF in 2035.

In 2008, the District identified to LAFCO that current annual water delivery within the District is 1,084,760 gallons. Average daily flow is approximately 2.97 million gallons or approximately 43% (6.897 mg) of system capacity. The District is at approximately 43% capacity with about 8,000 connections. At the current average daily demand, the system could accommodate an additional 10,374 connections until full capacity is reached (approximately 18,000 connections). As for storage, there are 12 storage tanks for a total storage capacity of 17 million gallons. At an average daily use of 2.97 million gallons, this represents approximately 5.7 days of water usage.

In April of 2002, the District completed source water assessments for all active drinking water wells. Wells 4, 14 and 16 are considered most vulnerable to the following activities associated with the contaminants detected in the water supply: septic systems, high density housing, office buildings/complexes, schools and parks.

### *Bulk Hauled Water*

In remote areas of the south desert, the hauling of domestic water is the sole means for water acquisition. In a joint letter to county planning and building departments in 2003, the California Department of Health Services<sup>34</sup> and the California Conference of Directors of Environmental Health specify that, "bulk hauled water does not provide the equivalent level of public health protection nor reliability as that provided from a

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<sup>34</sup> The California Department of Health Services has been reorganized since 2003 and water related health issues are coordinated under the California Department of Public Health.

permanent water system or from an approved onsite source of water supply.” This statement is based on five potential public health risks for hauled water:

1. The potential for contamination exists when water is transferred from tanker trucks to water storage tanks.
2. Storage tanks are often the source of bacterial contamination.
3. There is no assurance that licensed water haulers follow State guidelines at all times.
4. The future reliability of hauled water is susceptible to economic conditions.
5. There is generally a higher risk for contamination.

The letter further states that hauled water for domestic purposes should only be allowed to serve existing facilities due to a loss of quantity or quality and where an approved source cannot be acquired. A copy of this letter is on-file at the LAFCO staff office.

The County of San Bernardino recognizes the potential health hazards with hauled water. Future development will be restricted unless there is access to an individual well or domestic water system. Therefore, new development could not be approved without verification of access to a domestic water system. However, existing units without connection to a domestic water system or without individual wells on their property must rely on hauled water for domestic and other uses. County Code of San Bernardino Section 33.0623 (last amended in 1996) under Health and Sanitation and Animal Regulations reads:

*Water furnished by a domestic hauler shall not be used as a source of water by any public water supply system unless it has been demonstrated to DEHS (Department of Environmental Health Services) that there are no reasonable means of obtaining an acceptable quality and quantity of groundwater, and that water treatment methods have been approved by DEHS. Exception: During an officially declared state or local emergency, a public water system may utilize hauled water as a temporary source of supply.*

Section 31023 of the California Water Code, within County Water District Law, states that a district may sell surplus water for use outside its boundaries. The District has identified that it does have a small amount of bulk water hauling activity within the community but does not have a declared surplus of water. The District maintains one site where private individuals and a small number of commercial water haulers purchase water that is used both inside and outside District boundaries. Generally, this water is consumed by households where infrastructure is not available. These sales amount to approximately four million gallons per year.

### Water Quality

The quality of water in the community is typically good, besides a few areas with high fluoride and total dissolved solids levels, per the District Urban Water Management Plan. Another contaminant to groundwater quality is effluent from septic tanks which is used throughout the community due to a lack of a centralized sewer system. The region has

generally a low density population and minimal industry; therefore, the aquifers are not expected to be impacted significantly.

The District's 2009 Consumer Confidence Report indicates the groundwater meets federal and state MCL standards. Source Water Assessments for nine active wells were completed in April 2002. The newest (tenth) well was installed in 2009 and a Source Water Assessment was performed in 2007.

### *Fluoride*

The current State limit for fluoride in drinking water permits an MCL (Maximum Contaminant Level) of 2.0 milligrams per liter (mg/L). On January 21, 1993, the District was granted a variance from the California Primary Drinking Water Standard for fluoride, which states, "The District shall not serve water containing fluoride levels in excess of 3.0 milligrams per liter (mg/L) or 75% of the U.S. Environmental Protection Agency Primary Drinking Water Standard (currently at 4.0 mg/L), whichever is higher." This variance was granted due to the elevated levels of naturally occurring fluoride in the District's source water. The variance from the Primary Drinking Water Standard for fluoride will be in effect for a period of up to 30 years from the date of issuance subject to the following provisions:

1. Every five years, beginning in January 1998, the District shall submit a report to the Department of Health Services evaluating community acceptance of the fluoride levels being served.
2. The Department of Health Services advises the District in writing of its findings that there is no significant public opposition from the community served by the District and that the variance does not pose an unreasonable risk to the consumer's health.
3. Other provisions to the variance include:
  - a. That the variance may be withdrawn upon reasonable notice by the Department of Health Services, if the Department determines that the community no longer accepts the fluoride level authorized by the variance.
  - b. The District shall provide quarterly consumer notification of the variance in accordance with Section 64464.6 of the California Domestic Water Quality and Monitoring Regulations.
  - c. A fluoride monitoring plan, approved by the Department of Health Services, that monitors and reports all fluoride levels in the distribution system and water produced by all sources.

The District maintains acceptable levels of fluoride through the use of wells with lower levels of fluoride being pumped as much as possible when water demand on the system dictates. In April 2004, the Department of Health Services issued a permit to the District allowing full operation of the Fluoride Removal Plant, which currently is producing approximately one million gallons a day (1 MGD) of potable drinking water. The plant extracts water from the Mesquite Springs aquifer to remove high levels of naturally occurring fluoride. This aquifer is a significant source of water for the District and on-going studies will determine future production rates from the plant to better manage its groundwater resources.

### Future Supply, Demand, and Facilities

No additional sources of water are anticipated to be available to the District in the future. As shown below, the District also has a pumping capacity of 490 gpm (790 AFY) from the Eastern Subbasin. This amount along with the 2,100 gpm capacity (3,395 AFY) in Mesquite Lake Subbasin yields a total of approximately 6,985 AFY of available future groundwater supply. There is the potential to expand the Mesquite Lake Subbasin facilities to include another well if needed in the future. This additional well would improve reliability by allowing for redundancy in the Mesquite Lake Subbasin as well as increasing pumping capacity.

Basin Name	Pumping Capacity (gpm)	Pumping Capacity (AFY)
Mesquite Springs Basin <sup>(a)</sup>	2,100	3,395
Joshua Tree Basin		
Fortynine Palms Subbasin <sup>(b)</sup>	870	1,400
Eastern Subbasin <sup>(a)</sup>	490	790
Indian Cove Subbasin <sup>(b)</sup>	870	1,400
<b>Total</b>	<b>4,330</b>	<b>6,985</b>

Notes:  
 (a) Pumping capacity of Twentynine Palms Water District  
 (b) DWR recommended pumping limit to prevent overdraft

Source: 2010 UWMP

Twentynine Palms is dependent on groundwater and to maintain reliability of that source, the District must implement the Best Management Objectives (BMOs) to meet demand. The District expects growth, albeit slow. Overdraft is considered a challenge for reliability of supply and is addressed in the Groundwater Management Plan.

These BMOs establish the water level and water quality conditions that are acceptable in the basin and address conditions that need to be remedied. The BMOs established for the Twentynine Palms Water District are:

- BMO #1 - Minimize long-term drawdown of groundwater levels
- BMO #2 – Maintain groundwater quality
- BMO #3 – Monitor and track groundwater levels, quality, and storage
- BMO #4 – Reduce water consumption through water conservation
- BMO #5 – Facilitate groundwater replenishment projects
- BMO #6 – Identify and obtain funding for groundwater projects

In order to reduce groundwater overdraft, the amount of recharge experienced by the District’s Subbasins could be increased through “artificial recharge.” Since the District does not have access to imported surface or recycled water sources, the only source of water for replenishment is the impoundment or collection of runoff. Therefore,

groundwater replenishment should be increased by maximizing the use of the only source of recharge available (precipitation) by providing recharge enhancement.

Better management of the District's groundwater supplies alone does not provide a complete solution to declining water levels in the District's service area. While the District's residential water use is relatively low at 0.31 AFY per household, savings in residential water use could be accomplished through additional conservation efforts. The District could implement more aggressive water conservation efforts to reduce demand for groundwater resources and pumping in the region.

The District does not have access to imported water sources, and is restricted in its ability to recharge its basins. Connection to imported water from either the Metropolitan Water District of Southern California ("Metropolitan" - Colorado River supplies) or the Mojave Water Agency ("MWA" - State Water Project supplies) does not appear to be a viable option for the District as the District is not within the service area of either agency. Annexation to either agency would be required to receive water supplies through a limited allocation of supplemental water. Metropolitan's closest facilities are more than 45 miles southwest of the District; MWA's facilities extend no closer than Yucca Valley, approximately 23 miles west of the District. The District Board has on two occasions voted against extending imported water service to the District. However, a regional project with the potential to alter this scenario is the "Cadiz Project" for storing water in the Cadiz groundwater basin. The District would still need to acquire water for storage from the Colorado River, but its proximity is much closer to the District's existing service area than other options.

### Recycled Water

The District does not have a municipal sewer system or a wastewater treatment plant. At this time all residential and non-residential accounts use septic tank systems for the disposal of wastewater. The construction of a centralized system has been deemed infeasible by local jurisdictions; however, the use of package wastewater treatment plants has been approved. LAFCO staff understands that at least three plants are operational within the District and City of Twentynine Palms and several others have been approved but not yet constructed. Alternatively, the District has considered partnering with other agencies; however, the nearest water agency is 25 miles away and an intertie is cost prohibitive at this time. Therefore, at this time there are no opportunities for water recycling or programs that include recycled water.

In 2008 the City of Twentynine Palms commissioned a report to study the feasibility of a centralized wastewater system. The report recommended a decentralized system that relies on the Marine Corps Station sewage facilities. The cost of the system was estimated between \$55 and \$80 million in capital costs. As the District is rural and has slow growth, the cost was deemed prohibitive. The study proposed a phased approach with final completion of sewage system in 2040 to mitigate the cost.

The District recognizes the importance of recycled water and water reliability; however, due to the small size of the system, low annual demand and the use of individual septic systems, a recycled water system is not a feasible solution. As an alternative the

District will invest in water conservation approaches to reduce demand and compensate for the lack of recycled water. As water is primarily used on landscape, the District has developed approaches to emphasize outdoor water conservation.

Landscaping and Irrigation

The Water District currently does not have an adopted landscape ordinance and is using the “Let’s Go Native...with our Landscaping” guidelines developed by Twentynine Palms Groundwater Guardian Team. The guidelines recommend the planting of climate appropriate drought tolerant landscaping to minimize water usage for landscaping throughout the City. Also the City does has an adopted Model landscape ordinance and includes California Green Standards for development. The District has adopted a resolution of concurrence for this program.

Capital Improvement Budget

The District in its FY 2011-12 Water Budget identifies the following projects through FY 2015-16. The largest project, totaling \$10 million, will provide for an additional three million gallons per day of treated water. The District has identified that the funding for the future expansion of the treatment plant and an additional reservoir associated with this project will come from new debt (existing District debt is scheduled to be paid off in 2015).

**FY 2011-12 Water Capital Budget**

<u>Capital Improvement Projects</u>					
<u>PROJECT:</u>	<u>Fiscal 2011-12 Budget</u>	<u>Estimated Fiscal 2012-13</u>	<u>Estimated Fiscal 2013-14</u>	<u>Estimated Fiscal 2014-15</u>	<u>Estimated Fiscal 2015-16</u>
<i>a. Engineering, Treatment Plant Expansion</i>	500,000	0	0	0	0
<i>b. Additional Reservoirs</i>	0	1,000,000	800,000	0	0
<i>c. Updates to Regulatory Plans</i>	0	80,000	0	0	80,000
<i>d. Treatment Plant Expansion, Additional 3 MGD</i>	0	0	0	10,000,000	0
<i>Total Capital Improvement Projects</i>	<b>\$500,000</b>	<b>\$1,080,000</b>	<b>\$800,000</b>	<b>\$10,000,000</b>	<b>\$80,000</b>

Source: FY 2011-12 Water Capital Budget

**Water Rates**

Due to the limited size and type of outdoor landscaping that is prevalent throughout the South Desert, the average water usage is comparatively lower than other water agencies in San Bernardino County. A comparison of the residential water rates charged by the agencies within the Morongo Basin is identified in the chart below. As shown in the footnotes, some agencies receive a share of the one percent general levy property tax and/or assessments or additional charges.

**Water Agency Rate Comparison (as of July 2011)**  
 (rates measured in units, or one hundred cubic feet)

Agency	Water Use Fee				Monthly Meter Charge (3/4" Meter)	Monthly Average Cost (10 units of water)
	Tier One	Tier Two	Tier Three	Tier Four		
<b>Bighorn-Desert View Water Agency</b> <sup>1</sup>	\$3.00	-	-	-	\$27.50	\$57.50
<b>CSA 70 Zone F (Morongo Valley)</b> <sup>1</sup>	\$4.51	\$5.02	\$5.73	-	\$57.25	\$102.35
<b>CSA 70 Zone W-1 (Landers)</b> <sup>1</sup>	\$3.87	\$4.31	\$5.54	-	\$23.87	\$62.57
<b>CSA 70 Zone W-3 (Morongo Valley)</b> <sup>1</sup>	\$3.21	\$3.57	\$3.65	-	\$40.84	\$72.94
<b>CSA 70 Zone W-4 (Pioneertown)</b>	\$5.86	\$7.31	\$9.88	\$10.87	\$31.05	\$89.65
<b>Golden State Water Company (Morongo)</b>	\$2.47	-	-	-	\$28.15	\$52.85
<b>Hi-Desert Water District</b> <sup>1,2</sup>	\$3.59	\$5.69	\$6.89	\$9.08	\$11.80 <sup>4</sup>	\$60.30
<b>Joshua Basin Water District</b> <sup>1,3</sup>	\$2.14	\$2.39	\$2.57	\$2.75	\$23.82	\$46.47
<b>Twentynine Palms Water District</b> <sup>3</sup>	\$2.33	-	-	-	\$11.00 <sup>5</sup>	\$34.30

<sup>1</sup> Receives a share of the one percent ad valorem general tax levy  
<sup>2</sup> District also charges monthly a pipeline surcharge and capital replacement charge  
<sup>3</sup> District also charges a standby charge  
<sup>4</sup> Charge is for 5/8" and 1" meter with 5/8" demand  
<sup>5</sup> Charge is for 5/8" meter

Note: Standby charges are not included or referenced in this chart as they are not related to active connections.

Disadvantaged, Unincorporated Communities

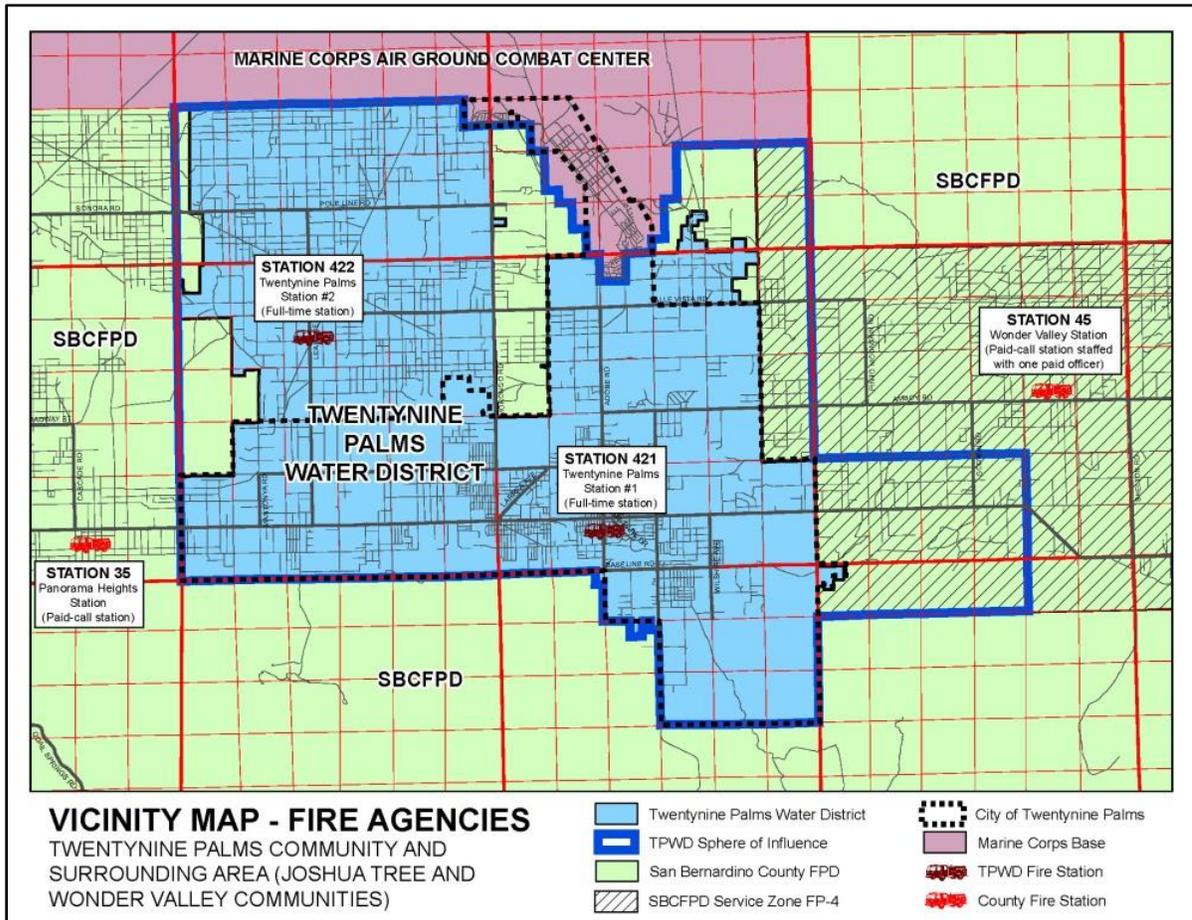
The disadvantaged, unincorporated communities within or contiguous to the District's sphere lack a pressurized water system. Any community contiguous to the District's sphere desiring connection to any potential system would require at a minimum inclusion within the District's sphere and most likely annexation. Further, any potential connection would most likely include installation and connection fees/charges/taxes. However, the implementation of a water system would be too costly based upon existing land use patterns and types of use. Population densities are so low that there are not enough customers to financially support the construction of a water system.

**B. Fire**

**1. Community Overview**

The District Fire Department ("Twentynine Palms Fire") was created by District Ordinance #14 on August 7, 1958 after the California Department of Forestry ceased providing local fire protection. Since the incorporation of the City in 1987, Twentynine Palms Fire serves the City and areas outside of the City. The services provided by Twentynine Palms Fire include fire prevention, fire suppression, emergency, medical aid, hazardous materials containment, and protection from excessive property damage.

Fire protection services for the areas of the City’s Sphere of Influence, which are not served by Twentynine Palms Fire, are to be provided by the San Bernardino County Fire Protection District (“County Fire”) - South Desert Service Zone. County Fire provides administration and support along with other services such as hazardous materials regulation, dispatch communication and disaster preparedness.



There are two County Fire stations located near the Twentynine Palms community. One station is in the Wonder Valley community, Wonder Valley Station 45 located at 80526 Amboy Road, which is a paid-call station that is staffed with two paid-call firefighters (another station in Wonder Valley, Station 47, is currently unmanned). The other station close to the study area is a Joshua Tree community fire station, Panorama Heights Station 35, located at 6562 Sierra Avenue, which is currently unmanned (the closest manned station in Joshua Tree, Station 36, is at 6715 Park Boulevard).

The Marine Corps Air Ground Combat Center Fire Department, known as the Combat Center Fire Department (“CCFD”), provides fire and emergency medical services to both military and civilian personnel on the base, and also to the surrounding local communities. The CCFD responds to emergency calls in the City

of Twentynine Palms and surrounding areas as part of mutual joint response agreements with other fire departments.

Twentynine Palms Fire also enhances fire safety in the community through coordination of education programs designed to increase community involvement. The CCFD provides public education by teaching children home fire safety and what to do in the event of a fire. It also provides monthly training in First Aid and CPR, and free EMT recertification classes to the public.

Several State and Federal agencies have roles in fire hazard mitigation, response and recovery, depending on the type of incident and its location. These agencies include the Office of Emergency Services, Office of Aviation Services, National Weather Service, the Department of the Interior and, in extreme cases, the Department of Defense. The CCFD provides assistance as needed to the Twentynine Palms Fire Department. In forest and open areas, agencies that often assist with fire suppression include the National Park Service, US Forest Service, National Association of State Foresters, Fish and Wildlife Service, the Department of Agriculture and the California Department of Forestry and Fire Protection.

### Unincorporated Peninsula

Referencing the map above, in the center of the community there is a one mile wide unincorporated peninsula that extends five and half miles in a north/south direction bordered by the Water District and the Marine Corps Combat Center. This peninsula is within the boundaries of County Fire and is within the Water District's sphere of influence. The closest County Fire station is Station 45 in Wonder Valley, the CCFD is immediately to the east, and the nearest Water District fire stations are Station 421 and/or Station 422, depending on the specific incident location.

County Fire, as the agency responsible for service to this area, has existing mutual aid agreements with the Water District and the CCFD. Therefore, Twentynine Palms Fire responds to this area for the majority of incidents. LAFCO staff understands that the Twentynine Palms Fire Department desires a contractual arrangement for payment to serve this area since County Fire has service contracts in other parts of the county. County Fire, in its response to the draft staff report, states that it believes that the existing aid agreement and a proposed update to the agreement are appropriate without monetary terms and that a new contract is not necessary.

## **2. District Resources and Activities**

### Staffing and Equipment

Twentynine Palms Fire provides the following services to an 87 square mile service area covered by two fire stations (as shown on the map above);

- Station 421 – 6560 Adobe Road (Headquarters)

This station is staffed 24-hours a day by a 3-person engine company consisting of a career (paid) company officer and two volunteer reserve firefighters.

Station 421 equipment:

- Engine 421: 1993 E-One, 1500 gallons per minute (GPM), 500 gallon tank
- Reserve Engine 421: 1988 Smeal, 1250 GPM, 500 gallon tank
- Truck 421: 1997 Pierce, 75' aerial, 1500 GPM, 300 gallon tank
- Brush Patrol 421: 2002 4x4 Pierce/Ford, 500 GPM, 250 gallon tank
- Chief 5000: 2003 4x4 Ford F150, Command Vehicle
- Utility 421: 2001 4x2 Ford F150

- Station 422 – 3834 Lear Avenue (Desert Heights)

This station is staffed 24-hours a day by a 3-person engine company consisting of a career (paid) company officer and two volunteer reserve firefighters.

Station 422 equipment:

- Engine 422: 2007 Pierce, 1500 gallons per minute (GPM), 750 gallon tank
- Reserve Engine 422: 2000 Pierce, 1250 GPM, 500 gallon tank
- Rescue 422: 1986 E-One/Ford, CAL EMA light rescue, lighting, air support
- Captain 421/422: 2008 4x4 Ford F150, Command Vehicle

Operational command is handled by a career duty officer (Fire Chief or Captain) who is either in station or on-call within the district.

- Fire Suppression
- Emergency Medical Response (Basic Life Support)
- Victim Rescue
- Hazardous Material Emergency Response – Operational Level
- Fire Investigation (Basic Cause and Origin)
- Fire Prevention and Plan Review
- Public Safety Education

The career full-time staff consists of the Fire Chief and six company officers (two Captains and four Engineers). They are assisted by one part-time administrative assistant and 30 volunteer reserve firefighters. The company officers work 72 hours per week and are trained in all the diverse aspects of today's fire service. Besides training in structural and wildland firefighting and as emergency medical technicians, these company officers have additional training, in hazardous materials and

technical rescue (vehicle extrication, swiftwater, high-angle, trench, and confined space), required to lead the reserve firefighters.

According to the Twentynine Palms Fire, the reserve firefighters are men and women seeking full-time careers in the fire service. They have received basic training as firefighters and emergency medical technicians at community colleges throughout Southern California including the Fire Technology Program at Copper Mountain College. These reserve firefighters normally stand one 24-hour shift per week at a fire station. Many of them travel 100 miles or more, one way, from their homes in Southern California to stand duty in Twentynine Palms. Their service allows Twentynine Palms Fire to maintain daily staffing at both fire stations and they gain valuable experience and additional training as they pursue the goal of a full-time career in the fire service.

### Calls and Response Times

In general, the District's responses within its boundaries for the past five years has been relatively even for number of calls and average response time. In 2011, the overall average response time was six minutes and 29 seconds for all calls within the 87 square mile district. The first unit arrived on scene in eight minutes or less 85% of the time.

<b>29 Palms Fire Department Incident Response in District (5 Year History)</b>					
(does not include "dispatched and canceled enroute)					
<b>January 1, 2007 to December 31, 2007</b>			<b>January 1, 2008 to December 31, 2008</b>		
Category	Number of Calls	Average Response Time	Category	Number of Calls	Average Response Time
Medical	1546	06:21	Medical	1566	07:06
Fire	82	06:46	Fire	92	07:10
Traffic	145	05:37	Traffic	127	05:54
Other	377	07:29	Other	349	06:56
<b>Total</b>	<b>2150</b>	<b>06:31</b>	<b>Total</b>	<b>2134</b>	<b>07:00</b>
<b>January 1, 2009 to December 31, 2009</b>			<b>January 1, 2010 to December 31, 2010</b>		
Category	Number of Calls	Average Response Time	Category	Number of Calls	Average Response Time
Medical	1634	06:06	Medical	1612	06:18
Fire	82	06:09	Fire	65	08:02
Traffic	118	06:33	Traffic	116	06:29
Other	335	07:37	Other	325	07:26
<b>Total</b>	<b>2169</b>	<b>06:22</b>	<b>Total</b>	<b>2118</b>	<b>06:32</b>
<b>January 1, 2011 to December 31, 2011</b>					
Category	Number of Calls	Average Response Time			
Medical	1687	06:18			
Fire	69	06:56			
Traffic	104	06:02			
Other	320	07:29			
<b>Total</b>	<b>2180</b>	<b>06:29</b>			

The chart below shows the Twentynine Palms Fire's incident volume outside of its boundaries. For the five year span, 6.2% of Twentynine Palms Fire's calls were to areas outside of its boundaries. Specifically, in 2011 Twentynine Palms Fire was requested 37 times to respond east of its jurisdiction (Wonder Valley) with the majority of the responses being for traffic collisions and structure fires.

<b>29 Palms Fire Department Incident Response out of District (5 Year History)</b>							
OODDE - Wonder Valley, Amboy and areas east of 29 Palms							
OOD29 - County pocket in 29 Palms							
OODW - Yucca Valley, Joshua Tree, Copper Mountain Mesa, Landers, and Morongo Valley							
OOMB - Areas outside the Morongo Basin							
JTNP - Joshua Tree National Park							
MCT - 29 Palms Marine Corps Base							
<b>January 1, 2007 to December 31, 2007</b>							
Category	OODE	OOD29	OODW	OOMB	JTNP	MCT	Total
Medical	10	3	5	0	6	0	24
Fire	8	2	4	4	0	0	18
Traffic	17	2	2	0	1	0	22
Other	4	3	8	1	0	0	16
*D/CER	89	0	21	10	4	2	126
<b>Total</b>	<b>128</b>	<b>10</b>	<b>40</b>	<b>15</b>	<b>11</b>	<b>2</b>	<b>206</b>
*Dispatched and Cancelled Enroute							
<b>January 1, 2008 to December 31, 2008</b>							
Category	OODE	OOD29	OODW	OOMB	JTNP	MCT	Total
Medical	1	4	7	0	10	0	22
Fire	5	1	4	0	1	0	11
Traffic	7	1	1	0	4	0	13
Other	3	0	6	0	1	0	10
*D/CER	41	0	17	5	2	1	66
<b>Total</b>	<b>57</b>	<b>6</b>	<b>35</b>	<b>5</b>	<b>18</b>	<b>1</b>	<b>122</b>
*Dispatched and Cancelled Enroute							
<b>January 1, 2009 to December 31, 2009</b>							
Category	OODE	OOD29	OODW	OOMB	JTNP	MCT	Total
Medical	1	3	4	0	6	0	14
Fire	2	0	6	0	1	0	9
Traffic	6	0	4	0	2	0	12
Other	2	2	5	0	2	0	11
*D/CER	44	1	39	1	2	1	88
<b>Total</b>	<b>55</b>	<b>6</b>	<b>58</b>	<b>1</b>	<b>13</b>	<b>1</b>	<b>134</b>
*Dispatched and Cancelled Enroute							
<b>January 1, 2010 to December 31, 2010</b>							
Category	OODE	OOD29	OODW	OOMB	JTNP	MCT	Total
Medical	0	1	6	0	12	0	19
Fire	0	0	3	0	1	0	4
Traffic	8	2	2	0	2	0	14
Other	0	1	2	0	3	1	7
*D/CER	25	2	37	4	2	1	71
<b>Total</b>	<b>33</b>	<b>6</b>	<b>50</b>	<b>4</b>	<b>20</b>	<b>2</b>	<b>115</b>
*Dispatched and Cancelled Enroute							
<b>January 1, 2011 to December 31, 2011</b>							
Category	OODE	OOD29	OODW	OOMB	JTNP	MCT	Total
Medical	0	1	4	1	17	1	24
Fire	10	0	6	0	1	0	17
Traffic	5	2	2	0	3	0	12
Other	2	1	4	1	1	0	9
*D/CER	20	2	43	3	4	1	73
<b>Total</b>	<b>37</b>	<b>6</b>	<b>59</b>	<b>5</b>	<b>26</b>	<b>2</b>	<b>135</b>
*Dispatched and Cancelled Enroute							

Capital Improvement Budget

The department maintains an Apparatus Reserve Fund for equipment replacement and the fund currently has \$245,000. The replacement of Engine 421 is currently planned for FY 2014-2015. The District in its FY 2011-12 Fire Budget identifies the following projects through FY 2015-16. Of note, the expansion and rehabilitation of the downtown station totaling roughly \$1 million is an unfunded project to date.

**FY 2011-12 Fire Capital Budget**

PROJECT:	Fiscal 2011-12 Budget	Estimated Fiscal 2012-13	Estimated Fiscal 2013-14	Estimated Fiscal 2014-15	Estimated Fiscal 2015-16
<i>a.</i> Asbestos Removal, Old Downtown Station (Unfunded)	0	0	0	0	0
<i>b.</i> Replacement Command Pickup	0	0	0	0	45,000
<i>c.</i> Replacement of Engine 421	0	0	0	500,000	0
<i>d.</i> Firefighting and Rescue Equipment	0	0	0	25,000	0
<i>e.</i> Turnout Gear Replacement	6,000	6,000	15,000	15,000	15,000
<i>f.</i> Rescue Equipment, Grant Funded	22,000	0	12,000	12,000	12,000
<i>g.</i> Replacement Radios, Grant Funded	100,000	0	0	0	0
<i>Total Expenditures</i>	<b>128,000</b>	<b>6,000</b>	<b>27,000</b>	<b>552,000</b>	<b>72,000</b>
<b>UNFUNDED PROJECTS:</b>					
Expansion and Rehabilitation of Downtown Station		\$975,000			
Asbestos Removal, Old Downtown Station		10,000			
<i>Total Unfunded Projects</i>		<b>\$985,000</b>			

**3. Parcel tax charge by County Fire Zone FP-4**

Parcel 0592-021-19 was historically charged the County Fire FP-4 special tax and CSA 70 Zone M service charges for park and roads, even though it is in the Twentynine Palms Water District (which does fire) and the City (which does parks and roads). This area was annexed to the Water District and the City through LAFCO 2805, and that action removed the area from the County Service Area 70 Zone M (predecessor agency for Wonder Valley fire). The action was memorialized through a State Board of Equalization (BOE) "Statement of Boundary Change". This statement was forwarded by the BOE to the County Assessor for implementation. The tax rate area code (19016) indicates that the parcel is in the City and not within CSA 70, County Fire, or any of their zones. As a part of this service review process, County Fire and the District were informed of this issue.

The County Special Districts Department has notified LAFCO staff that the circumstance has been corrected, the sole parcel has been removed from the CSA 70 Zone M and County Fire Zone FP-4 listings, and that a refund will be issued to the property owner of the tax payments in error. Additionally, Special Districts

Department indicates that the assessment listings for CSA 70 M and Fire Protection Zone FP-4 will be audited this year to verify their accuracy.

#### **4. County Fire Reorganization and County Service Area 70 Tax Share**

As a condition of approval for the reorganization of the county board-governed fire agencies, the ad valorem property tax revenues associated with CSA 70 Zone M were transferred to the South Desert Service Zone and the special tax was transferred to the newly formed Service Zone FP-4. However, during the processing of this service review it was discovered that at least a portion of the ad valorem property taxes associated with Zone M were from the detachment of the territory from the Twentynine Palms Park and Recreation District and were provided to Zone M for park purposes. At this time, LAFCO staff is unclear as to when these revenues were converted for fire purposes and by what action of the Board of Supervisors as the governing body.

#### **5. Disadvantaged, Unincorporated Communities**

The disadvantaged, unincorporated communities within or contiguous to the District's sphere are within the boundaries of County Fire and its South Desert Service Zone. The Wonder Valley community is also within Zone FP-4 of County Fire whereby residents pay a special tax for service.

### **C. Sewer**

There is no community sewage system and waste water is disposed through individual septic tanks and tile field disposal systems<sup>35</sup>. The District is authorized by LAFCO a Sewer function, although its service is currently limited to planning.

In 2007, the District and the City met in a joint session to discuss the need for oversight of packaged treatment plants, since such oversight is mandated by the Regional Water Quality Control Board. Through a joint resolution, the City was designated as the lead agency in the oversight of packaged treatment plants within the City limits, and the District will be provided the opportunity to make recommendations on the standards to be established by the City.

A joint committee (two members each from the City and the Twentynine Palms Water District) has been formed to assess the development of a wastewater management plan and solid nutrient plan.

#### Disadvantaged, Unincorporated Communities

The disadvantaged, unincorporated communities within or contiguous to the District's sphere are also currently on septic systems and leach fields. The Regional Water

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<sup>35</sup> Subsurface drainage removes excess water from the soil profile, usually through a network of perforated tubes installed 2 to 4 feet below the soil surface. These tubes are commonly called "tiles" because they were originally made from short lengths of clay pipes known as tiles. Water would seep into the small spaces between the tiles and drains away.

Quality Control Board has expressed concern over the potential contamination of groundwater resources by nitrates from the improper installation and maintenance of septic systems in Twentynine Palms. There are no plans at this time for construction of a water treatment plant and collection system. Additionally, the City is taking the lead for conducting studies to explore the possibility for a wastewater treatment system. Any community contiguous to the City's sphere desiring connection to any potential system would require at a minimum inclusion within the City's sphere and most likely annexation. Further, any potential connection would most likely include installation and connection fees/charges/taxes. However, the implementation of a water system would be too costly. Population densities are so low that there are not enough customers to financially support the construction of a water system.

#### **IV. Financial ability of agencies to provide services.**

For this section of the report, staff has reviewed the District's budgets, audits, State Controller reports for cities, and County filing records.

##### **A. General Operations and Accounting**

The governmental activities of the District include only fire protection. The business-type activities of the District include only Water operations.

##### **Component Unit**

The reporting entity "Twentynine Palms District" includes the activities of the District and the Twentynine Palms Water District Financing Corporation ("Corporation"). The District and the Corporation have a financial and operational relationship which meets the reporting entity definition criteria of the Government Accounting Standard Board ("GASB") Statement No. 14, "The Financial Reporting Entity", for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District. The Corporation is governed by a five-member board appointed by the District board. Although it is legally separated from the District, the Corporation is reported as a blended component unit of the primary government because its sole purpose is to provide financing assistance to the District for construction and acquisition of major capital facilities.

##### **B. Cash and Investments**

The chart below shows cash and investments for the past three fiscal years. The District has identified that it experienced a 28% decrease in Temporary Investments at the end of FY 2009-10 due to the completion of a significant number of capital projects and capital purchases during that year. The expenditures included the completion of a reservoir, a production well, a transmission pipeline, as well as other equipment and infrastructure projects. These items were included in the District's capital budget for that year or were carried over from prior year's capital budgets.

**Cash and Investments**

	2008-09	2009-10	2010-11
Statement of Net Assets			
Cash	\$114,203	\$132,000	\$138,729
Temporary Investments	6,921,798	5,017,151	4,474,529
Restricted *			
Cash	356,750	357,285	357,776
Temporary Investments	300,000	550,000	550,000
<b>Total Cash &amp; Investments</b>	<b>7,692,751</b>	<b>6,056,536</b>	<b>5,521,034</b>

\* Restricted cash and temporary investments are temporarily restricted as to withdrawal or use for other than current operations. The District has temporarily restricted these deposits and investments for the acquisition or construction of non-current assets and the liquidation of long-term debt.

**C. Water Fund (Business-Type Activity)**

Long-Term Debt

At the end of the current fiscal year, the Twentynine Palms Water District had total bonded debt outstanding of \$2,108,231, including the portion that is due within one year. All of the District's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) of the Water Fund. All outstanding debt was incurred for the benefit of the Water Fund and accordingly is the sole responsibility of the Water Fund.

*2002 Refunding Certificates of Participation*

On October 9, 2002, the District issued \$2,386,090 in 2002 refunding certificates of participation with an interest rate of 4.27% due through 2012. The purpose of the issuance was to advance refund \$2,810,000 of outstanding 1992 certificates of participation with interest rates ranging from 5.00% to 7.10%. Net revenues of the District are pledged to retirement of the certificates of participation. The certificates were paid off based on the prepayment price plus accrued interest and the refunded certificates are no longer outstanding.

*State of California, Department of Water Resources Loan*

The District contracted with the State of California, Department of Water Resources, for a loan under the Water Conservation and Water Quality Bond Law. Proceeds from the loan were used for the Phase I District Pipeline Replacement. As of June 30, 2011, the District had received \$4,872,379 of \$5,000,000 approved under the loan agreement. Interest is payable semiannually at 3.4375% per annum from the date loan drawdowns are received from the State, over a loan amortization period of 20 years. The District has agreed to provide for the accumulation of necessary reserves in accordance with Section 12 of the Contract to assure that funds will be available to make the semiannual payments when due.

Net Assets

Most of the District's net assets are invested in water capital assets. The Water Fund's net assets have steadily increased for the past five years, by 8%. As of June 30, 2011, the Water Fund had \$30.1 million in net assets. Of this amount \$4.5 million is unrestricted.

**Net Assets – Business-Type Activities (Water)**

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Net Assets – Business Activities</b>					
Invested in capital assets – net of related debt	\$21,258,368	\$21,609,970	\$22,270,807	\$29,752,139	\$25,270,287
Restricted for: Debt Service	159,815	330,961	57,695	357,285	357,776
Restricted for: Construction	267,262	0	215,082	208,466	0
Unrestricted	6,296,464	6,588,637	6,507,097	4,462,262	4,497,865
<b>Net Assets</b>	<b>27,981,909</b>	<b>28,529,568</b>	<b>29,050,681</b>	<b>29,752,139</b>	<b>30,125,928</b>

Revenues and Expenditures

The District's largest revenue types are typically Water Sales and Ready-to-Serve charges, which together represent 80 percent of the Water Fund's total revenue for the year. Water Sales are based on the amount of water delivered to the customer while the Ready-to-Serve rates are the meter charge based on meter size. Water rates increased in July 2010 and again in July 2011. At this time, LAFCO staff is unaware of any proposed rate increase for July 2012.

The Water Fund receives water availability assessments (Water Standby) of \$30 for each parcel that is one acre or less, whether serviced or unserved. These amounts are increased by amounts ranging from \$7.50 (for each acre > five-acres) to \$8.00 (for each acre from 1 to 5 acres). The maximum that can be assessed per parcel is \$1,200. This assessment helps pay the capital costs incurred by the District to make water available (for any purpose) throughout the District, whether the water is actually used or not. This assessment is levied on all parcels within the District boundaries excepting lands receiving "fire only" service or those owned by the Bureau of Land Management.

For FY 2010-11, water sales were \$2,544,757 for the year and represent 55 percent of total revenue. Other revenue sources included Ready-to-Serve Charges of \$1,151,870; Water Availability Assessments – \$602,246; Investment Interest and Penalties - \$103,160; Capital Impact Fees - \$38,752; and Property Leases - \$104,427. Salaries and benefits saw increases primarily from higher retirement and medical benefits. The increase in depreciation was the result of significant capital assets being placed in service during the year while the use of additional bulk chemicals during the year was the primary reason for the increase in Supplies Expense. That increase in volume was the result of the District treating a higher volume of water in FY 2010-11 compared to the prior year. Salaries and

Benefits represent 34 percent of total expenses while Depreciation accounts for 30 percent of expenses.

The figure below is taken from the FY 2011-12 Water Budget and identifies the actual and estimated revenues and expenditures for four fiscal years.

	Fiscal 2010-11 Projected	Fiscal 2011-12 Budget	Fiscal 2012-13 Estimated	Fiscal 2013-14 Estimated
<b><u>REVENUES:</u></b>				
Water Sales and Ready to Serve Charges	\$3,643,000	\$3,826,000	\$3,826,000	\$4,055,000
Other Operating Revenues	221,000	212,200	212,200	212,200
Water Availability Assessment	601,000	601,000	601,000	601,000
Interest Revenues	20,000	20,000	20,000	20,000
Other Non-Operating Revenues	178,000	129,600	129,600	129,600
Grant Funds	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$4,663,000</b>	<b>\$4,788,800</b>	<b>\$4,788,800</b>	<b>\$5,017,800</b>
<b><u>OPERATING EXPENDITURES</u></b>				
Salaries and Benefits	\$1,474,130	\$1,678,657	\$1,805,887	\$1,915,866
Materials and Supplies	614,500	668,500	695,240	723,050
Outside Services	354,500	401,500	413,545	455,951
Equipment Costs	135,000	130,000	130,000	130,000
Telephone and Utilities	398,800	421,000	442,050	464,153
Insurance and Workers' Compensation Ins.	64,000	87,620	92,001	96,601
Permits and Fees	31,000	33,000	33,825	34,671
Uncollectable Accounts	50,000	50,000	50,000	50,000
Training, Seminars, Certifications, Travel, Dues & Subscriptions	44,500	50,000	51,000	52,020
Fire Department Reimbursements	(40,554)	(41,823)	(43,078)	(44,370)
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$3,125,876</b>	<b>\$3,478,454</b>	<b>\$3,670,471</b>	<b>\$3,877,941</b>
<b><u>NON-OPERATING EXPENDITURES AND TRANSFERS</u></b>				
Debt Service	\$632,477	\$632,477	\$485,811	\$339,145
Capital Improvements	220,000	500,000	1,080,000	800,000
Replacement & Rehabilitation Expenditures	510,000	485,000	155,000	175,000
Transfer To (From) Debt Reserve-Internal	0	0	0	0
Proceeds From Debt Offering	0	0	0	0
Debt Retirement	0	0	0	0
<b>TOTAL NON-OPERATING EXPENDITURES &amp; TRANSFERS</b>	<b>\$1,362,477</b>	<b>\$1,617,477</b>	<b>\$1,720,811</b>	<b>\$1,314,145</b>
<b>TOTAL EXPENDITURES &amp; TRANSFERS</b>	<b>\$4,488,353</b>	<b>\$5,095,931</b>	<b>\$5,391,282</b>	<b>\$5,192,086</b>
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<b>\$174,647</b>	<b>(\$307,131)</b>	<b>(\$602,482)</b>	<b>(\$174,286)</b>

## D. Fire Fund (Governmental Activity)

### Long-Term Debt

There is no debt for the fire activities of the District.

### Net Assets

The Fire Fund's net assets have steadily increased for the past five years, by 11%. As of June 30, 2011, the Fire Fund had \$2.7 million in net assets. Of this amount \$1.6 million is unrestricted.

Net Assets – Governmental Activities (Fire)

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Net Assets – Governmental Activities</b>					
Invested in capital assets – net of related debt	\$1,173,754	\$1,093,406	\$1,071,449	\$960,193	\$1,106,690
Restricted for: Debt Service	0	0	0	0	0
Unrestricted	1,274,192	1,402,378	1,407,089	1,680,684	1,603,347
<b>Net Assets</b>	<b>2,447,946</b>	<b>2,495,784</b>	<b>2,478,538</b>	<b>2,640,877</b>	<b>2,710,037</b>

	2006-07	2007-08	2008-09	2009-10	2010-11	4-yr Var.
<b>ASSETS</b>						
Temp. Investments	\$ 1,274,038	\$ 1,299,731	\$ 1,261,515	\$ 1,253,791	\$ 1,193,207	-6%
Accounts Receivable	93,572	144,192	188,499	465,302	509,977	445%
Other	43,904	29,554	33,561	17,897	24,497	-44%
Total Assets	1,411,514	1,473,477	1,483,575	1,736,990	1,727,681	
<b>LIABILITIES</b>						
Deferred Revenue	-	-	158,585	424,472	477,632	
Other	137,322	71,099	43,029	22,704	75,014	-45%
Total Liabilities	137,322	71,099	201,614	447,176	552,646	302%
<b>FUND BALANCE</b>						
Unassigned (Unreserved)	1,274,192	1,402,378	1,281,961	1,289,814	930,035	-27%
Apparatus Reserve					245,000	
Total Fund Balances	\$ 1,274,192	\$ 1,402,378	\$ 1,281,961	\$ 1,289,814	\$ 1,175,035	-8%
<b>REVENUES</b>						
Fire Special Tax	\$ 1,219,777	\$ 1,233,297	\$ 1,183,804	\$ 1,216,897	\$ 1,196,705	-2%
Other	121,848	90,840	138,627	58,008	49,110	-60%
Total Revenues	1,341,625	1,324,137	1,322,431	1,274,905	1,245,815	-7%
<b>EXPENDITURES</b>						
Staff Payroll & Benefits	604,812	658,878	748,093	750,157	806,418	33%
Volunteer Payroll & Ben.	112,802	107,866	123,934	122,254	154,047	37%
Communications	98,100	104,210	116,003	87,580	102,913	5%
Capital Outlay	86,623	75,386	143,790	38,683	31,907	-63%
Other	242,863	249,611	236,008	268,378	265,309	9%
Total Expenditures	1,145,200	1,195,951	1,367,828	1,267,052	1,360,594	19%
<b>Revenue less Expenditure</b>	\$ 196,425	\$ 128,186	\$ (45,397)	\$ 7,853	\$ (114,779)	
Fund Balances, Beginning	1,077,767	1,274,192	1,327,358	1,281,961	1,289,814	20%
Fund Balances, Ending	\$ 1,274,192	\$ 1,402,378	\$ 1,281,961	\$ 1,289,814	\$ 1,175,035	-8%

Moving beyond the FY 2010-11 audit year, the figure below was provided by the District identifying budget projections through FY 2013-14 following the defeat of its special tax election on April 25, 2012. For FY 2011-12 and FY 2012-13, the estimated deficit of expenditures over revenues is \$168,134 and \$244,202, respectively. According to the Twentynine Palms Fire Chief, the reduction in Contingency and Apparatus Reserves in FY 2012-2013 is for the transfer of those funds to Unrestricted Fund Balance to provide enough working capital to begin FY 2013-2014. This is how the District would achieve two more years of providing the current service level before the Fire Fund becomes insolvent. This continuing decrease in fund balance prompted the District to put forth a measure on the special mail election this April (Measure H) to increase the District's special fire tax

from \$80 to \$120 per unit and allow for a \$6 annual tax increase for ten years following 2013. The FY 2013-14 estimate previously provided to LAFCO staff includes a revenue, of roughly \$536,000. Passage of the measure required 2/3 approval of votes cast, however the measure only received 48% "Yes" votes.

FY 2012-13 Fire Budget

	<b>Fiscal 2010-11</b>	<b>Fiscal 2011-12</b>	<b>Fiscal 2012-13</b>	
	<b>Actual</b>	<b>Projected</b>	<b>Proposed Budget</b>	<b>Fiscal 2013-14 Estimated</b>
<b><u>REVENUES</u></b>				
Operating Revenues	\$ 1,199,080	\$ 1,217,000	\$ 1,201,000	\$ 1,206,000
Donations and CPR Training Revenues	4,790	2,500	7,000	7,000
Grant Revenue	0	114,298	0	0
Non-Operating Revenues	41,944	45,000	33,000	31,000
<b>Total Revenues</b>	<b>\$ 1,245,814</b>	<b>\$ 1,378,798</b>	<b>\$ 1,241,000</b>	<b>\$ 1,244,000</b>
<b><u>EXPENDITURES</u></b>				
Salaries & Benefits, Paid Staff	\$ 780,256	\$ 855,400	\$ 901,527	\$ 953,200
Volunteer Operations	132,444	130,600	133,000	133,000
Materials and Supplies	29,967	23,900	30,200	30,804
Governmental Charges, SBCO	1,800	26,800	16,800	2,136
Utilities	30,833	26,800	29,700	30,591
Dispatching Fees	100,708	101,024	92,000	96,600
Repair and Maintenance	99,682	86,800	104,500	111,590
Insurance, Bonds and Workers Compensation	62,031	62,400	64,000	65,920
Overhead Allocation	40,554	41,708	45,375	46,963
Training, Travel & Conferences	11,610	11,000	14,600	14,892
Dues, Subscriptions, Books & Films	2,195	2,500	2,500	2,550
Legal Services and Professional Services	30,840	50,000	40,000	30,000
<b>Total Expenses Before Capital Expend.</b>	<b>\$ 1,322,920</b>	<b>\$ 1,418,932</b>	<b>\$ 1,474,202</b>	<b>\$ 1,518,246</b>
<b><u>NON-OPERATING EXPENDITURES</u></b>				
Capital Expenditures		128,000	6,000	6,000
Expenditures From Donated Funds - General		0	5,000	5,000
<b>Total Expenditures</b>		<b>\$ 1,546,932</b>	<b>\$ 1,485,202</b>	<b>\$ 1,529,246</b>
<b>Total Revenue Less Total Expenditures</b>		<b>\$ (168,134)</b>	<b>\$ (244,202)</b>	<b>\$ (285,246)</b>
Addition (Reduction) To Contingency Reserve		0	(56,713)	0
Addition (Reduction) To Apparatus Reserve		0	(245,000)	0
<b>Change in Working Capital Balance</b>		<b>\$ (168,134)</b>	<b>\$ 57,511</b>	<b>\$ (285,246)</b>
<b>Beginning Working Capital Balance</b>		<b>\$ 846,298</b>	<b>\$ 678,164</b>	<b>\$ 735,675</b>
<b>Ending Working Capital Balance</b>		<b>\$ 678,164</b>	<b>\$ 735,675</b>	<b>\$ 450,429</b>
<b>Working Capital Required at Start of Year to Meet Cash Flow Needs, Based on \$1,518,246 Budget</b>				<b>\$ 632,603</b>

At this rate, with all things remaining constant, the Fire Fund is projected to exhaust its fund balance by the end of FY 2014-15. Unfortunately, the County’s first distribution of taxes occurs in November/December. Therefore, the beginning fund balance would need to have enough funds to operate for five months, or roughly \$600,000. Without a proper beginning fund balance, funds would be exhausted a few months into FY 2013-14. The figure below compares Revenues, Expenditures, and Fund Balance from FY 2006-07 through FY 2013-14. As shown, Expenditures are estimated to increase by 34% while Revenues are estimated to decline by 7%. The estimated result will be decrease in fund balance by 65% within seven years, thereby resulting in service delivery and sustainability challenges.

Seven Year Variance

	2006-07	2013-14	7-yr Var.
Revenues	\$ 1,341,625	\$ 1,244,000	-7%
Expenditures	1,145,200	1,529,246	34%
Rev less Exp	196,425	(285,246)	
Fund Balance End	\$ 1,274,192	\$ 450,429	-65%

*Appropriation Limit (Gann Limit)*

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative)<sup>36</sup>, the District is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. Furthermore, Section 5 of Article XIII B allows the District to designate a portion of fund balance of general contingencies to be used in future years without limitation.

Section 1.5 reads that the annual calculation of the appropriations limit for each entity of local government shall be reviewed as part of an annual financial audit. A review of the financial statements for the past five fiscal years does include a review of the annual calculation of the appropriations limit.

Government Code Section 7910<sup>37</sup> expands upon the Gann Initiative and requires each local government to annually establish its appropriation limits by resolution. For FY 2011-12, the District adopted an appropriation limit of \$1,621,187 related to its special tax only.

**D. Post-Employment Benefits**

<sup>36</sup> In 1979 the voters amended the California Constitution by passing Proposition 4 (the Gann Initiative), requiring each local Government to set an annual appropriations limit (the Gann Limit).

<sup>37</sup> Added by Stats.1980, c. 1205, p. 4059, § 2. Amended by Stats.1988, c. 1203, § 1; Stats.2007, c. 263 (A.B.310), § 25.

Pension

The Twentynine Palms Water District contributes to the California Public Employees Retirement System (PERS).<sup>38</sup> PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. The contract offers a “3% at 60” for Miscellaneous Plan Members and “3% at 55” for Safety Plan Members. The most recent financial statements for the District identify that it has contributed 100% of its annual pension cost for at least the past three years.

Other Post-Employment Benefits

The District’s defined benefit post-employment healthcare plan, (Twentynine Palms Water District Post-Retirement Medical Benefits Program, “TPPRMBP”), provides medical benefits to eligible District employees and spouses. TPPRMBP is a single employer defined benefit healthcare plan administered by the District. A menu of benefit provisions are established through the District’s group health insurance plan, which covers both the active and retired members.

The contribution requirements of plan members and the District are established and may be amended by the Board. The District contributes 90% of the employee’s and 75% of the spouse’s medical insurance premiums until age 65. The District is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. ARC current rate is 5.7% of the annual covered payroll. The plan is financed on a pay-as-you-go basis.

At June 30, 2010, the Net OPEB Obligation was \$68,818. For FY 2010-11, the OPEB cost (expense) was \$81,187 (\$79,469 plus interest on the Net OPEB Obligation) for the year the District contributed 15%, or \$12,194. At June 30, 2011, the Net OPEB Obligation increased to \$137,811, as shown below:

Annual Required Contribution	\$ 79,469
Interest on net OPEB Obligation	5,333
Adjustment to Annual Required Contribution	(3,615)
Annual OPEB Cost (Expense)	<u>81,187</u>
Contributions Made	(12,194)
Increase in Net OPEB Obligation	<u>68,993</u>
Net OPEB Obligation - Beginning of the Year	68,818
Net OPEB Obligation - End of the Year	<u>\$ 137,811</u>

<sup>38</sup> PERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

### **E. Filing Requirements**

Government Code Section 26909 requires districts to file a copy of its annual audit with the county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, the last audit received was in October 2011 for FY 2010-11.

### **V. Status of, and opportunities for, shared facilities.**

There are no shared or duplication of facilities.

### **VI. Accountability for community service needs, including governmental structure and operational efficiencies.**

The District is an independent special district governed by a five-member board of directors elected at-large. Membership elections are held in odd years as a part of the general district mail ballot election. Five board members are elected at large to four-year overlapping terms. For the August 2009 general election, there were 5,884 registered voters within the District with a 28% voter turnout for that election. Two seats were up for election in 2011. However, since the number of candidates who filed a declaration of candidacy did not exceed the number of seats a scheduled election was not held in 2011. Therefore, the two seats were appointed in-lieu of election. Below is the composition of the current council, their positions, and terms of office:

Board Member	Title	Term	Appointed/Elected
Philip C. Cisneros	President	2013	Elected
Kerron E. Moore, Jr.	Vice-President	2015	Appointed
Chancey Chambers	Director	2013	Elected
Nicholas Bourikas	Director	2015	Appointed
Roger Shinaver	Director	2013	Elected

Regular Board of Directors Meetings are held on the fourth Wednesday of each month at 6 p.m., in the District's administration building located at 72401 Hatch Road in Twentynine Palms. Board meetings are also televised on cable channel 10 at 10 a.m. on the first Saturday and 5 p.m. on the first Sunday of the next month following the meeting.

#### **Operational Efficiencies**

Operational efficiencies are realized through several joint agency practices, for example:

- A joint committee (two members each from the City and the Water District) has been formed to assess the development of a wastewater management plan and solid nutrient plan.

- The City purchased a fire ladder truck during FY 2010-11 from the Fire Development Impact Fees Capital Projects Fund. The Water District operates and maintains the truck and is contracted to repay the purchase cost to the City.
- The District is a participant in the Association of California Water Agencies Joint Powers Insurance Authority ("JPIA"), which was organized for the purpose of providing liability insurance for the member agencies. The JPIA is a risk-pooling self-insurance authority.
- The District is a participant of the Worker's Compensation Program of the Special District's Risk Management Authority (the "Authority"). The Authority was created for the purpose of providing workers' compensation insurance to its member agencies.

### Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

### Out of Agency Service Agreements

There are no out-of-agency service agreements approved by LAFCO authorizing the District to provide service outside of its boundaries. The District has identified that it does have a small amount of bulk water hauling activity within the community. The District maintains one site where private individuals and a small number of commercial water haulers purchase water that is used both inside and outside District boundaries. Generally, this water is consumed by households where infrastructure is not available. Further, through state-mandated mutual aid agreements, the fire department responds to calls outside of its boundaries.

### Government Structure Options:

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>39</sup>. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

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<sup>39</sup> State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

In some cases, functional consolidation or integration can reduce costs so that services can be maintained and improved with fewer dollars. The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical, yet possible, scenarios for the community to consider for the future. Movement towards these scenarios would include, but not be limited to, the requirement to prepare a plan for service, fiscal impact analysis, and any other studies deemed necessary.

## Fire

The information presented in the Financial section of this report for the District concludes that the District's Fire operations are unsustainable as presently configured. Therefore, a change in governance for its Fire service will need to be considered. Given this, options regarding District expansion cannot be considered (such as expanding into Wonder Valley). Any scenario concerning the transfer of the District's fire function needs to consider service within the City and to the unincorporated portion of the District.

1. City as the agency responsible for fire protection. Removal of the District's fire function would require the City to become responsible for fire protection within its boundaries as mandated by state law.<sup>40</sup> The City would then succeed to the Water District's special fire tax and fire assets and liabilities within the city as well as any fire assets purchased with City funds. Being the agency responsible for this service, the City would have two options:
  - a. The City could provide the service directly, or
  - b. The City could contract with another agency (San Bernardino County Fire Protection District or CalFire) for the provision of the service. In this scenario, the City remains as the agency responsible but contracts for the service level that it can afford.

As for the unincorporated portion, the remainder of the Water District's fire service area would be unsustainable as a stand-alone agency since the majority of the property tax that supports the fire function is derived from within the City. Therefore, it would have to annex to the San Bernardino County Fire Protection District ("County Fire") and its South Desert Service Zone as there would be no other agency able to continue service. County Fire would then succeed to the Water District's assets and special fire tax and fire assets and liabilities within the unincorporated area. Additionally, County Fire would need to form a zone to isolate the special tax revenues which would require an annual budget and audit.

2. County Fire as sole agency responsible. Should the City desire not to be responsible for fire protection within its boundaries, the territory of the Water District could annex to County Fire. This would require the expansion of the County Fire sphere of influence, the City's consent to the annexation of the City by County Fire,

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<sup>40</sup> Government Code Section 38611.

which would remove the City's service responsibility.<sup>41</sup> In that case, County Fire would succeed to all of the Water District's assets and liabilities and special tax. Additionally, County Fire would need to form a zone utilizing the Water District's boundaries to isolate the special tax revenues generated which would require an annual budget and audit.

## Water

3. Twentynine Palms Water District becoming a subsidiary district of the City. In order for the Water District to become a subsidiary district of the City, at least 70% of registered voters in the District must reside in the City **and** at least 70% of the District's territory must be within the boundaries of the City.
  - a. For the August 2009 election (the most recent election for the District) the District contained 5,884 registered voters and approximately 5,332 voters of the District were within the City.<sup>42</sup> At 91%, the District meets the threshold for territory within the boundaries of the City.
  - b. The District encompasses 56,919 acres (88.9 square miles) and 35,144 acres (54.9 square miles) of the District is within the boundaries of the City. The District does not meet the territory threshold because only 61.7% of the District's territory is within the boundaries of the City.

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<sup>41</sup> Government Code Section 38611.

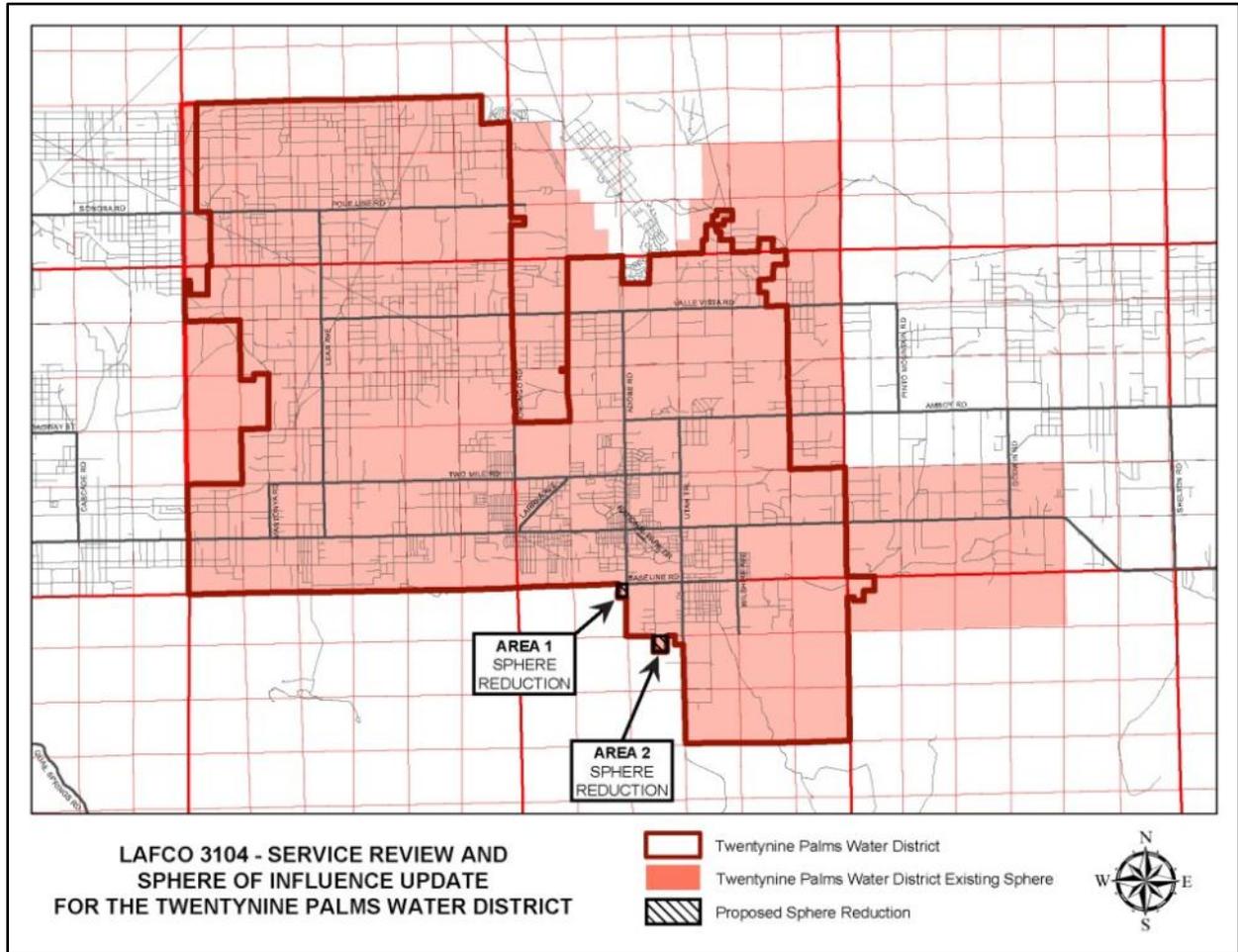
<sup>42</sup> County of San Bernardino Registrar of Voters, Statement of Votes Cast, General District Election, August 2009.

## ***TWENTYNINE PALMS WATER DISTRICT SPHERE OF INFLUENCE UPDATE***

### Sphere of Influence

In 1972, the Commission established the sphere of influence for the Twentynine Palms Water District. Since that time, there have been few changes to the District's sphere. As discussed in the "Community Discussion" section of this report, staff is reconfirming the Commission's historical Twentynine Palms community definition as the sphere of the Twentynine Palms Water District – with minor modifications. The following are staff's recommended minor modifications for the Water District's existing sphere:

- Reduce the District's existing sphere by approximately 9.5 acres (Area 1) to exclude a portion of its existing sphere along the south, currently within the District's boundaries, comprised of previously privately-owned parcels that are now generally public lands within the Joshua Tree National Park; and,
- Reduce the District's existing sphere by approximately 30 acres (Area 2) to exclude a portion of its existing sphere along the south, currently within the District's boundaries, comprised of previously privately-owned parcels that are now public lands within the Joshua Tree National Park;



Authorized Powers

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)).

Staff recommends that the Commission modify the service descriptions for the Sewer and Fire Protection function to accurately describe the services provided (changes identified in strikeout and underline below):

<b>FUNCTION</b>	<b>SERVICE</b>
Water	Retail, agricultural, domestic, replenishment
Sewer	Planning <u>and engineering</u>
Fire Protection	Structural, watershed, <u>first aid, rescue, prevention, inspection</u>

## **FACTORS OF CONSIDERATION**

Government Code Section 56425 requires the Commission to make four specific determinations related to a sphere of influence update. The staff's responses to those factors are as follows:

### **I. Present and Planned Uses in the Area, Including Agricultural and Open-Space Lands.**

Within the District's boundary and sphere of influence, roughly 73% of the land is privately owned and the remainder, 27%, is public, which are devoted primarily to resource protection and recreational use.

Within the District's entire sphere area, approximately 40% is designated Rural Living, 14% Resource Conservation, and 1% a mix of Commercial, Institutional, and Floodway land uses. The remainder 45% is within the City of Twentynine Palms. Of the 45% District territory that is within the City's boundaries, approximately 46% is Rural Living, 34 % Single-Family Residential, 7% Open Space Residential, 3% Multi-Family Residential, 4% Commercial, 3% Industrial, 3% Public and Floodway.

The areas being proposed for reduction from the District's current sphere of influence (Areas 1 and 2) is designated as RC (Resource Conservation) and have no development potential since these are public land within the within the Joshua Tree National Park.

### **II. Present and Probable Need for Public Facilities and Services in the Area.**

#### **Water**

Currently, the District is the sole retail water provider within the community, actively providing retail water service via a pressurized system to incorporated and unincorporated areas. The District provides limited hauled water opportunities for residents within its boundaries.

#### *Groundwater Basins*

The District currently relies solely on groundwater as its source. The District overlies three non-adjudicated groundwater basins: the Twentynine Palms Valley Basins (Mesquite Springs Basin), Joshua Tree Basin, and Dale Valley Basin. Within the Joshua Tree Basin are three subbasins: the Indian Cove, Fortynine Palms, and Eastern Subbasins. The District does not produce from the Dale Valley Basin.

Potable water is scarce in the District for several reasons:

- 1) The area receives an average of only four inches of annual rainfall.
- 2) There is negligible infiltration of direct precipitation in areas where the alluvial deposits are thick.
- 3) A substantial amount of runoff is lost to evaporation after flowing into the basin.
- 4) Some of the water is unsuitable for drinking water due to naturally-occurring soluble minerals, such as fluoride.

No additional sources of water are anticipated to be available to the District in the future. As shown below, the District also has a pumping capacity of 490 gpm (790 AFY) from the Eastern Subbasin. This amount along with the 2,100 gpm capacity (3,395 AFY) in Mesquite Lake Subbasin yields a total of approximately 6,985 AFY of available future groundwater supply. There is the potential to expand the Mesquite Lake Subbasin facilities to include another well if needed in the future. This additional well would improve reliability by allowing for redundancy in the Mesquite Lake Subbasin as well as increasing pumping capacity.

The District, in its FY 2011-12 Water Budget, identifies projects through FY 2015-16. The largest project, totaling \$10 million, will provide for an additional three million gallons per day of treated water. The District has identified that the funding for the future expansion of the treatment plant and an additional reservoir associated with this project will come from new debt (existing District debt is scheduled to be paid off in 2015).

## **Fire**

The District provides the following services to an 87 square mile service area covered by two fire stations; Station 421 (Headquarters) located at 6560 Adobe Road and Station 422 (Desert Heights) located at 3834 Lear Avenue.

- Fire Suppression
- Emergency Medical Response (Basic Life Support)
- Victim Rescue
- Hazardous Material Emergency Response – Operational Level
- Fire Investigation (Basic Cause and Origin)
- Fire Prevention and Plan Review
- Public Safety Education

Operational command is handled by a career duty officer (Fire Chief or Captain) who is either in station or on-call within the District.

The career full-time staff consists of the Fire Chief and six company officers (two Captains and four Engineers). They are assisted by 1 part-time Administrative Assistant and 30 volunteer reserve firefighters. The company officers work 72 hours per week and are trained in all the diverse aspects of today's fire service. Besides training in structural and wildland firefighting and as emergency medical technicians, these company officers have additional training, in hazardous materials and technical

rescue (vehicle extrication, swiftwater, high-angle, trench, and confined space), required to lead the reserve firefighters.

The District's ballot measure to increase the fire special tax failed to pass. The future sustainability of this service is now in jeopardy due to the projected inability to start the Fiscal Year 2013-14 with sufficient fund balance to pay expenses until its special tax revenues are received. The department currently maintains an Apparatus Reserve Fund for equipment replacement and the fund currently has \$245,000 and was anticipated to replace Engine 421 in FY 2014-2015. However, the Fire Chief has identified that these reserves will need to be used during FY 2013-14 to fund service.

**III. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide.**

Water

The District currently serves 7,983 connections, all of which are metered accounts. Approximately 94 percent of the service connections are residential. Commercial connections account for approximately 4.5 percent, landscape irrigation connections account for less than one percent, and fire protection/non-potable connections account for the remaining 1.4 percent of the District's total connections. Records going back to 1994 indicate the relatively similar percentage distributions amongst the land use types. The Marine Corps base provides its own water supply to their facility and is not associated with any of the numbers and projects in the Urban Water Management Plan.

Water provided by the District is derived solely from groundwater pumped from supply wells located along the southern limit of the service area. As of 2010, the District has ten active production wells. The remaining wells are inactive and/or used for groundwater monitoring. Available information indicates that more than 400 private wells have also been constructed within the District's service area. Most of these wells are not currently operated.

Historic pumping and water deliveries by the District have steadily increased since its formation in the mid-1950s. Annual pumping in the 1990s regularly exceeded 900 million gallons (approximately 2,760 acre-feet per year [AFY]), with average daily delivery per service connection slightly under 400 gallons. Total water demand in the District was 2,674 acre-feet (AF) in 2010, with a projected demand of 3,119 AF in 2035.

In 2008, the District identified to LAFCO that current annual water delivery within the District is 1,084,760 gallons. Average daily flow is approximately 2.97 million gallons or approximately 43% (6.897 mg) of system capacity. The District is at approximately 43% capacity with about 8,000 connections. At the current average daily demand, the system could accommodate an additional 10,374 connections until full capacity is reached (approximately 18,000 connections). As for storage, there are 12 storage

tanks for a total storage capacity of 17 million gallons. At an average daily use of 2.97 million gallons, this represents approximately 5.7 days of water usage.

Section 31023 of the California Water Code, within County Water District Law, states that a district may sell surplus water for use outside its boundaries. The District has identified that it does have a small amount of bulk water hauling activity within the community but does not have a declared surplus of water. The District maintains one site where private individuals and a small number of commercial water haulers purchase water that is used both inside and outside District boundaries. Generally, this water is consumed by households where infrastructure is not available. These sales amount to approximately four million gallons per year.

## Fire

The District serves the City and areas outside of the City. The services provided by District include fire prevention, fire suppression, emergency, medical aid, hazardous materials containment, and protection from excessive property damage.

The District maintains two fire stations:

- Station 421 – 6560 Adobe Road (Headquarters)

This station is staffed 24-hours a day by a 3-person engine company consisting of a career (paid) company officer and two volunteer reserve firefighters. Equipment for Station 421 includes the following:

- Engine 421: 1993 E-One, 1500 gallons per minute (GPM), 500 gallon tank
- Reserve Engine 421: 1988 Smeal, 1250 GPM, 500 gallon tank
- Truck 421: 1997 Pierce, 75' aerial, 1500 GPM, 300 gallon tank
- Brush Patrol 421: 2002 4x4 Pierce/Ford, 500 GPM, 250 gallon tank
- Chief 5000: 2003 4x4 Ford F150, Command Vehicle
- Utility 421: 2001 4x2 Ford F150

- Station 422 – 3834 Lear Avenue (Desert Heights)

This station is staffed 24-hours a day by a 3-person engine company consisting of a career (paid) company officer and two volunteer reserve firefighters. Equipment for Station 422 includes the following:

- Engine 422: 2007 Pierce, 1500 gallons per minute (GPM), 750 gallon tank
- Reserve Engine 422: 2000 Pierce, 1250 GPM, 500 gallon tank
- Rescue 422: 1986 E-One/Ford, CAL EMA light rescue, lighting, air support
- Captain 421/422: 2008 4x4 Ford F150, Command Vehicle

In 2011, the overall average response time was six minutes and 29 seconds for all calls within the District. The first unit arrives on scene in eight minutes or less 85% of the time. In 2011, the district was requested 37 times to respond east of its jurisdiction

(Wonder Valley) with the majority of the responses being for traffic collisions and structure fires.

**IV. Existence of any Social or Economic Communities of Interest in the Area.**

Social and economic communities of interest include the City of Twentynine Palms, the Marine Corps Base, Joshua Tree National Park, Twentynine Palms Highway, and the Morongo Unified School District.

**CONCLUSION FOR TWENTYNINE PALMS WATER DISTRICT:**

The information presented in the Financial section of this report for the Twentynine Palms Water District concludes that the Water District's fire operations are unsustainable. Therefore, the community and regional service providers need to consider a change in governance for the fire service. A number of options have been identified in this report and LAFCO staff remains ready to work with the agencies to seek a solution for this service. This report does not make a choice of option for the future provision of this service.

Staff is recommending that the Commission make the following sphere determinations for the Twentynine Palms Water District:

1. Reduce its existing sphere of influence by a total of approximately 39.5 acres (Areas 1 and 2) to exclude the portions of its existing sphere along the south, currently within the District's boundaries, comprising of previously privately-owned parcels that are now public lands within the Joshua Tree National Park; and,
2. Modify the service description to its Fire Protection function by adding "first aid, rescue, prevention, inspection"; modify the service description to its Sewer function by adding "engineering"; and affirm the remainder of the functions and service descriptions for the District.

## **TWENTYNINE PALMS PUBLIC CEMETERY DISTRICT**

### **Service Review and Sphere of Influence Update**

#### **INTRODUCTION:**

LAFCO 3152 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Twentynine Palms Public Cemetery District (“Cemetery District” or “District”).

In 1934 the voters approved the formation of the District to provide cemetery services to Twentynine Palms, Wonder Valley, and outlying areas. The District is an independent special district with a five-member appointed board of trustees and operates under Public Cemetery District Law (Division 8, Part 4 of the Health and Safety Code). Currently, the District is authorized by LAFCO to provide the function of cemetery pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*.

As discussed in the Sphere of Influence Update section in this report for the Cemetery District, staff is recommending two options for this agency:

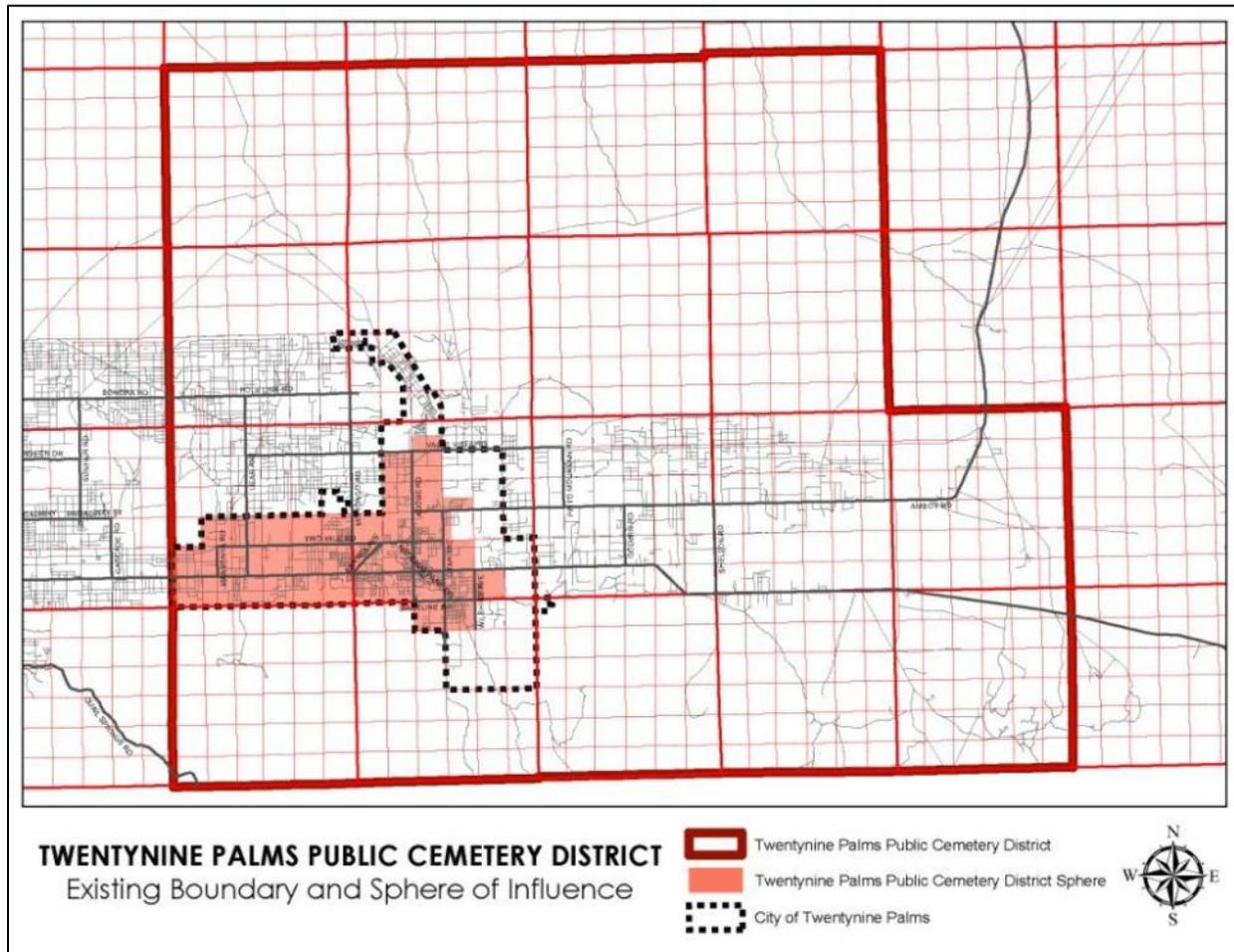
- (a) Modification of the District’s sphere of influence to coincide with the Commission’s definition for the Twentynine Palms community and the remainder of the Wonder Valley community, as reflected by the boundaries for County Service Area 70 M or the San Bernardino County Fire Protection District Zone FP-4. The modifications include reducing the District’s existing sphere of influence by approximately 65 acres and expanding its sphere of influence by a total of approximately 127,471 acres.
- (b) Or, based upon information in this discussion related to operational deficiencies and financing questions, a zero sphere of influence indicating the Commission’s position that a future reorganization of the agency and the service it provides is necessary.

Staff requests that the Commission include as a condition the requirement that the District provide a response on the timeline to correct its lack of audits; provide the Commission with copies of adopted budgets and completed financial statements for the next five fiscal years; that the District provide copies of its audits and budgets to the County Auditor as required by law; and require that an appropriation limit be implemented for the agency within the next twelve months. In addition, staff requests that the Commission direct staff to provide biannual updates to the Commission until issues are resolved.

#### **LOCATION AND BOUNDARIES:**

The service review and sphere of influence update study area encompasses approximately 650 square miles (the District includes 650 square miles while its sphere of influence is smaller including approximately 37 square miles). The service review and sphere study

area is located in the south desert region of the County and is generally north of the Riverside County line, east of the Joshua Basin Water District and the east line of Range 7 East, south of a combination of section lines and Bagdad Highway, and west of a combination of the west lines of Ranges 11 and 12 East. The District includes portions of the Twentynine Palms Marine Corps Base and Joshua Tree National Park and includes the entire Wonder Valley community. A map of the District and its current sphere are shown below and is included as a part of Attachment #4.



## ***TWENTYNINE PALMS PUBLIC CEMETERY DISTRICT SERVICE REVIEW***

In 2003, LAFCO adopted the Governor's Office of Planning and Research (OPR) Municipal Service Review Guidelines by reference for its use during the conduct of service reviews. These Guidelines provide a step-by-step approach to understanding the service review process as set for by Government Code Section 56430 as well as factors that LAFCO may wish to address in its service review of an agency.<sup>43</sup>

<sup>43</sup> State of California, Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

At the request of LAFCO staff, the District prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response to LAFCO's original and updated requests for materials includes, but is not limited to, the narrative response to the factors for a service review, response to LAFCO staff's request for information, and financial documents (included as Attachment #4). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the district's response and supporting materials.

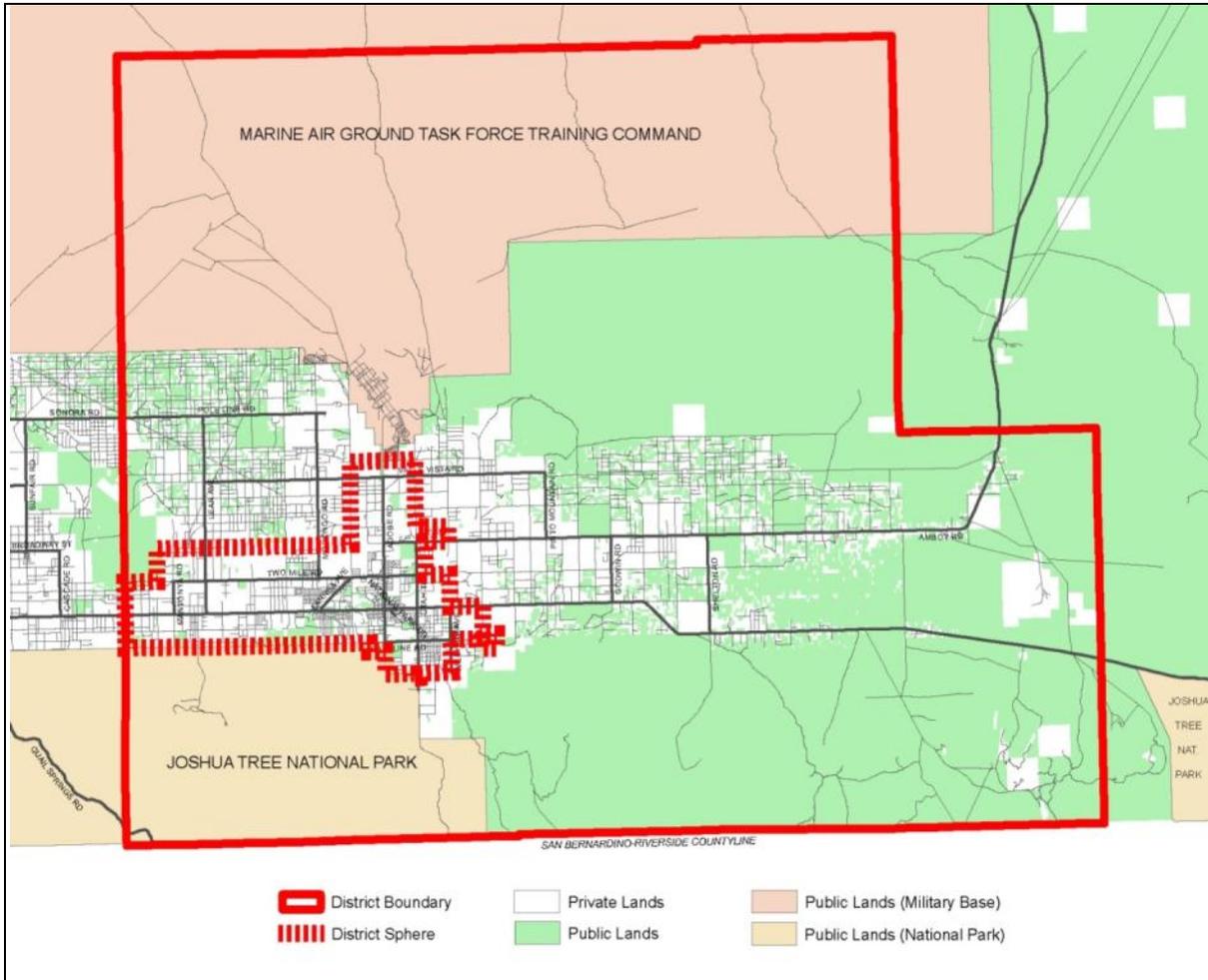
**I. Growth and population projections for the affected area.**

Land Ownership

The land ownership distribution and breakdown within the District's boundary, which includes its current sphere (district's sphere is less than its actual boundary), is identified on the map below. Within its entire boundary, roughly 21% of the land is privately owned and the remainder, 79%, is public, which are devoted primarily to resource protection and recreational use.

**Land Ownership Breakdown (in Acres)  
Within Twentynine Palms Cemetery District**

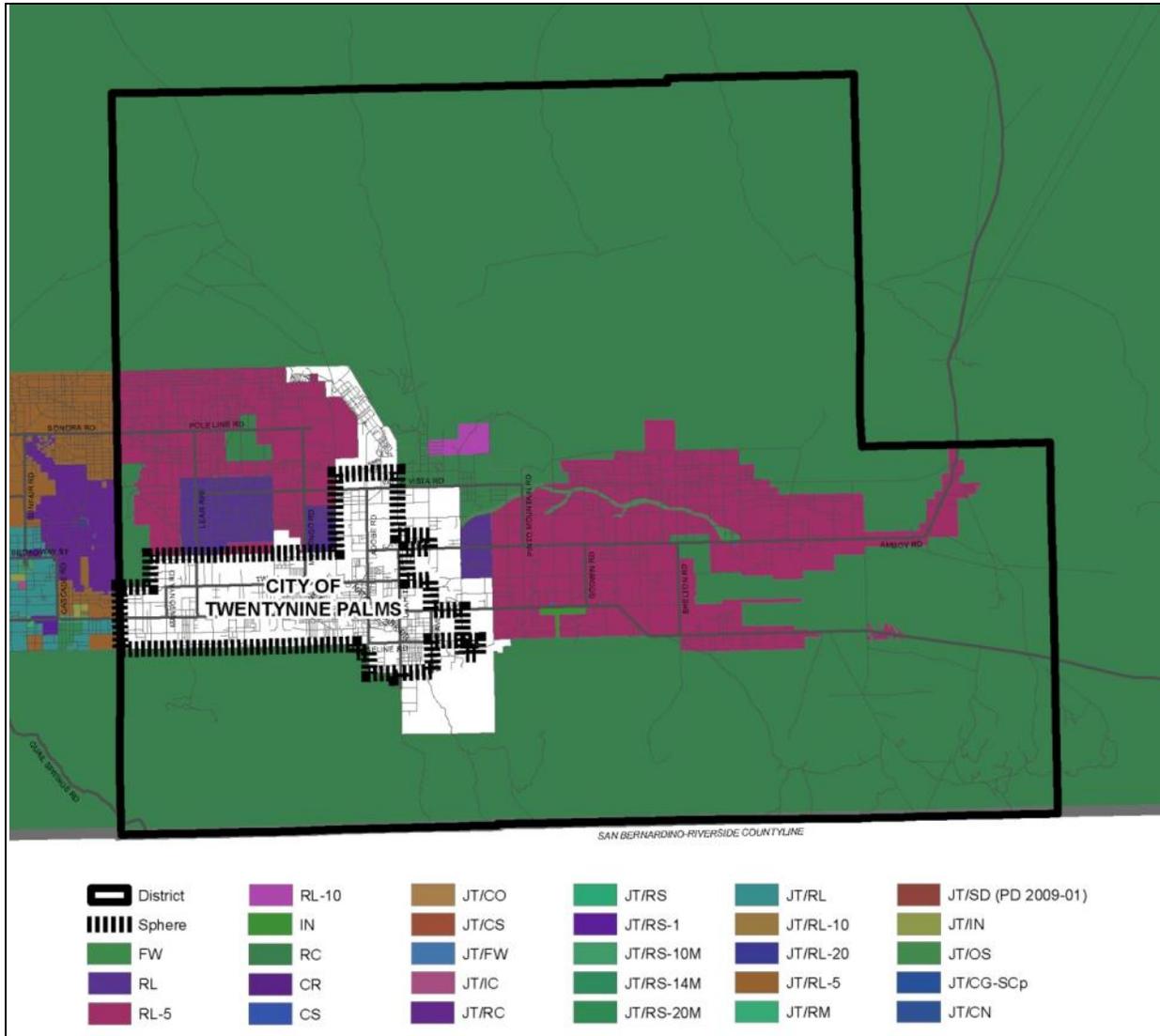
<b>Ownership Type</b>	<b>Boundary</b>
Private	86,168
Public Lands – Federal (BLM), State, & others	330,143
<b>Total</b>	<b>416,311</b>



It should be noted that the 79% public lands represent primarily Bureau of Land Management (BLM) lands along the eastern section of the District (mainly along Twentynine Palms Mountain and Humbug Mountain along the south, portion of Sheep Hole Mountain on the east, and Valley Mountains north of the City), the Marine Corps Air Ground Combat Center along the north, and the Joshua Tree National Park along the southwest, which are lands administered by the U.S. National Park Service.

### Land Use

The study area includes the entire City of Twentynine Palms and unincorporated territory. Below is a map that identifies the County of San Bernardino's land use designations within the study area.



**General Plan Land Use Districts (In Acres)  
 Within Twentynine Palms Water District**

Land Use	Boundary
City's Land Uses	37,364
County Land Use Designations	
Resource Conservation (RC)	312,767
Rural Living (RL)	6,672
RL-5	57,095
RL-10	970
Floodway (FW)	834
Rural Commercial (CR)	2
Service Commercial (CS)	34
Institutional (IN)	303
<b>Total</b>	<b>416,311</b>

Within the study area, approximately 75% is designated Resource Conservation (comprising mostly of the BLM lands, the Marine Base, and the Joshua Tree National Park area) and 16% Rural Living. The remainder 9% of the total area is within the City of Twentynine Palms.

*Incorporated Portion of the Study Area*

Within the City boundaries, approximately 43% is Rural Living, 32 % Single-Family Residential, 6% Open Space Residential, 3% Multi-Family Residential, 4% Commercial, 3% Industrial, 3% Public and Floodway, and 6% Military (portion of the City within the Marine Corps Air Ground Combat Center). For a complete breakdown of the land uses with the City, please refer to the City’s service review section related to land use (City’s service review growth and population projections section, page 21).

**Population**

Population Projections

In 2000, the population within the Cemetery District’s boundaries was 25,528. Based on the 2010 Census, the current population for the area is 27,609. This represented an average annual growth rate of approximately 0.8 percent within the given period.

The projected growth for the Cemetery District’s boundaries was calculated utilizing a combination of the growth rates identified in the Regional Council of the Southern California Association of Governments (SCAG) Draft 2012 Regional Transportation Plan (RTP) Integrated Growth Forecast for the City of Twentynine Palms and the County’s unincorporated area for the given periods, and the use of average annual growth rate (including a revision made by LAFCO staff related to City’s population and the assumption of a constant population within to the Marine Corps Base). By 2040, the population within the Cemetery District is estimated to reach 41,085. This represents a projected annual growth rate of approximately 1.3 percent between 2010 and 2040, which also represents a total population increase of 49 percent from 2010.

**Population Projection 2010-2040  
 Within the Twentynine Palms Public Cemetery District**

Census		Population Projection					
2000	2010	2015	2020	2025	2030	2035	2040
25,528 <sup>44</sup>	27,609 <sup>45</sup>	29,676 <sup>46</sup>	32,000	33,975 <sup>47</sup>	36,136	38,499	41,085

<sup>44</sup> 2000 population data was derived from the 2000 Census for the Twentynine Palms Cemetery District area.  
<sup>45</sup> 2010 population data was derived from the 2010 Census for the Twentynine Palms Cemetery District area.  
<sup>46</sup> 2015 and 2020 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG’s 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the City of Twentynine Palms and the unincorporated County area between 2010 and 2020 data.

The population projections shown above may represent an unattainable growth trend based on the historic growth experienced in the region. In addition to the marginal growth experienced in the last 10 years, there are other circumstances in the region that tend to restrict growth (i.e. water quality issues, potential for development restrictions related to the use of septic systems, etc.). Based on these issues, actual growth is expected to be much lower than projected.

**Build-out**

The table below provides the potential build-out within the Cemetery District’s territory. This build-out scenario takes into consideration the existing land use designations assigned for the area and the dwelling unit densities assigned for each residential land use<sup>48</sup>.

**Land Use Maximum Build-Out  
Within the Twentynine Palms Public Cemetery District**

Land Use	Acreage	Density (D.U. Per Acre)	Maximum Build-out (DU’s)
County Area Residential Land Use			
Resource Conservation	312,767	0.025	7,819
RL-10 (Rural Living 10 acres)	970	0.1	97
RL-5 (Rural Living 5 acres)	57,095	0.2	11,419
RL (Rural Living 2.5 acres)	6,672	0.4	2,669
City Area Total Residential Land Use (land use breakdown on page 23)	31,446		45,965
<b>Cemetery District Total Residential</b>	<b>408,950</b>		<b>67,969</b>

The population projections identified earlier indicates that the population within the Cemetery District’s territory will be 41,085 by 2040. Based on the maximum residential build-out within the Cemetery District’s territory, the projected maximum population is anticipated to reach 182,157<sup>49</sup>. Likewise, based on the projected population for 2040, it is anticipated that the number of households within the Cemetery District’s territory will be 15,330 with a maximum potential build-out to reach approximately 67,969. These imply that the study area will reach 23 percent of its potential household and population capacity by 2040.

<sup>47</sup> 2025, 2030, 2035 and 2040 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG’s 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the City of Twentynine Palms and the unincorporated County area between 2020 and 2035 data.

<sup>48</sup> The information related to densities does not take into consideration the housing units within the Marine Base.

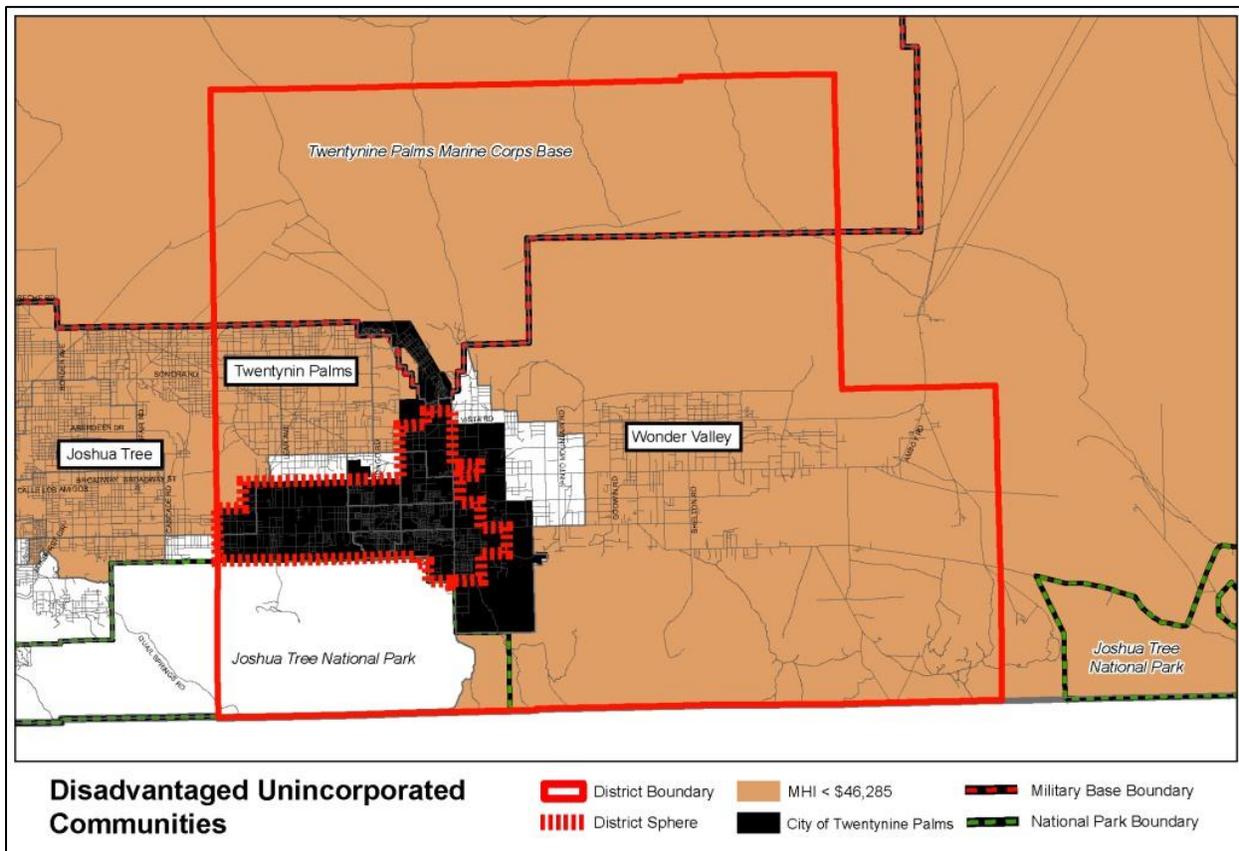
<sup>49</sup> Persons per household @ 2.68 based on the ratio for the Desert Region as identified in the County’s General Plan.

**Population and Household Projection  
 Within the Twentynine Palms Public Cemetery District**

	Projection 2040	Maximum Build-out	Ratio of 2040 Projection with Maximum Build-out
Population	41,085	182,157	0.23
Households	15,330	67,969	0.23

**II. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

Disadvantaged unincorporated communities are those communities that have an annual median household income that is less than 80 percent of the statewide annual median household income, which is under \$46,285. Based on the census data<sup>50</sup>, the map below illustrates the areas within and around the Cemetery District that are classified as disadvantaged unincorporated communities.



<sup>50</sup> Median Household Income data is taken from the American Community Survey 5 year (2006-2010) summary using the block group level.

*Within the sphere of influence*

As mentioned earlier, the current sphere of influence designation for the Cemetery District is less than its actual boundaries. None of its current sphere of influence designation is unincorporated.

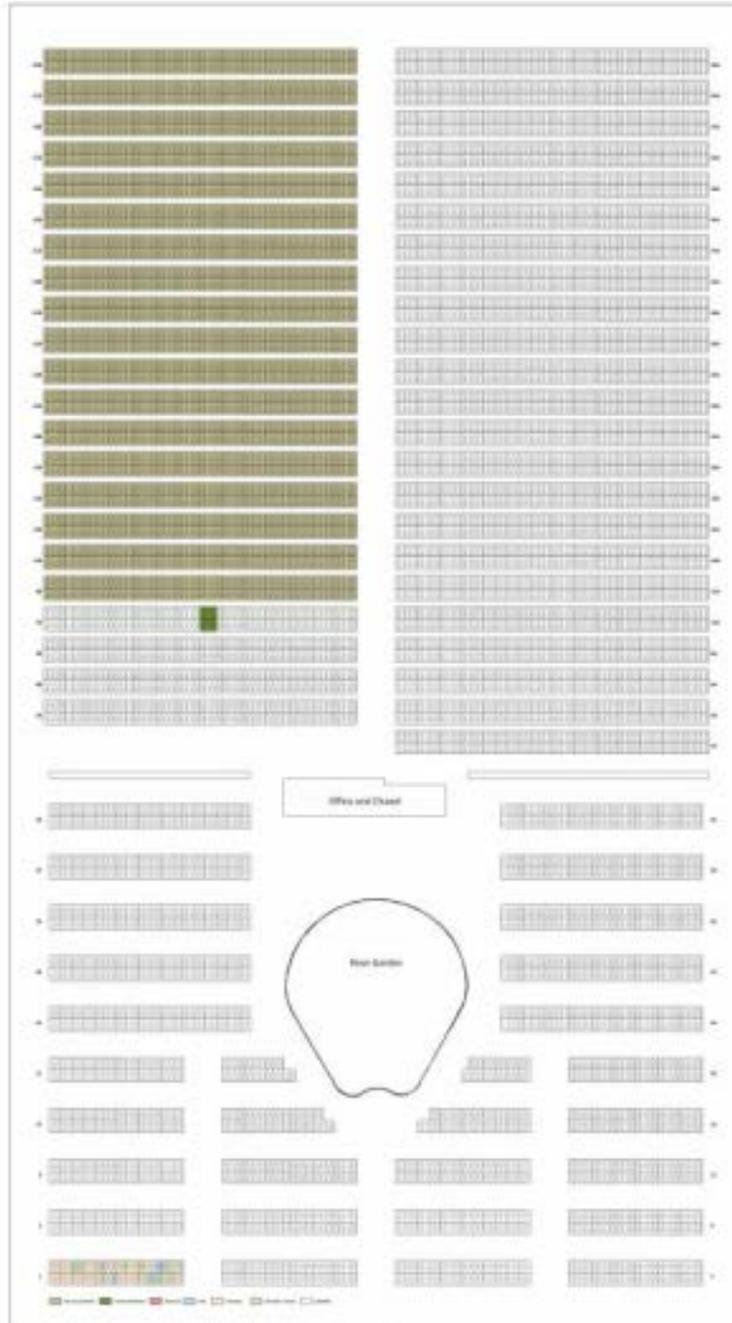
*Surrounding the sphere of influence*

As shown on the map, the communities of Joshua Tree, Twentynine Palms (unincorporated portion of the community) and Wonder Valley are all considered as disadvantaged unincorporated communities that are contiguous to the Cemetery District's sphere of influence. All of these are considered to be rural communities.

- The unincorporated community Joshua Tree is adjacent to the Cemetery District's western sphere of influence. The community is characterized by an abundance of open space and natural resources. The community is also rural in nature with residential development primarily with a Rural Living (2.5-acre lots) land use designation. Located between the Town of Yucca Valley and the City of Twentynine Palms, Joshua Tree also serves as the entry point to the Joshua Tree National Park.
- The unincorporated portion of the Twentynine Palms community is adjacent to the Cemetery District's northern sphere of influence. The community is comprised of sparse rural residential development with large lot residential development (primarily Rural Living, 5-acre lots).
- The unincorporated community of Wonder Valley is adjacent to the Cemetery District's eastern sphere of influence. The community is also very rural in nature with large lot residential development (primarily Rural Living, 5-acre lots).

**III. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs and deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

LAFCO staff confirmed with District staff that it operates without a master plan or any other adopted plans. Below is a detailed map of the cemetery grounds, obtained from 29palmscemetery.com. The map on the website is interactive and can be focused to the show the plot numbers and rows.



As a part of the processing of the Twentynine Palms/Wonder Valley service reviews, LAFCO staff conducted a departmental review committee meeting with the staffs of the affected agencies on January 19, 2012. Following this meeting, on January 19 LAFCO staff requested additional material from the District in order to provide for a proper review, with a follow-up reminder on March 1. As of the date of this report, LAFCO has not received a response to its request for the information outlined below:

- *It was identified that the District's on-site well is not adequate for use and that the District utilizes retail water (potable drinking water) for irrigation. Please provide a written description of the current situation for water service and any background information available on the well and its abandonment.*

The cemetery facilities currently cover 30 acres, 20 of which are currently developed, and handles approximately 50 burials each year. The District provided a roster of each person buried at the cemetery to include name, birth date, death date, military service, and burial location.

As of April 2012, the cemetery had 3,228 burials and 600 cremations, for a total of 3,828 internments. There are 720 unused plots and 693 unsold plots, for a total of 1,413 available spaces. According to the District, it handles approximately 50 burials a year. At this rate, it would take 28 years for the District to reach capacity, as currently configured.

#### **IV. Financial ability of agencies to provide services.**

##### **Sources and Methodology**

The District has provided LAFCO staff with the most recent audits completed (through FY 2008-09), and current budget information as submitted to the County Auditor (a balanced and board approved budget was not submitted). LAFCO staff has also obtained financial data from California State Controller reports for special districts and reconciled data as provided from the County Auditor. The lack of current audits and proper budgets lead to difficulty in presenting and discussing the District's financial data for this report. Therefore, a complete presentation of the City's current financial position cannot be provided in this report.

As a part of the processing of the Twentynine Palms/Wonder Valley service reviews, LAFCO staff conducted a departmental review committee meeting with the staffs of the affected agencies on January 19, 2012. Following this meeting, on January 19 LAFCO staff requested additional material from the District in order to provide for a proper review, with a follow-up reminder on March 1. As of the date of this report, LAFCO has not received a response to its request for the information outlined below:

- *Please provide copies of the FY 2009-10 and FY 2010-11 financial statements.*
- *Please provide copies of the three most recent adopted budgets.*
- *It was identified that the District utilizes a local bank for deposits and then transfers funds from the local bank to the County Treasury. It was also identified that payments are made from the County Treasury and not the local bank. However, LAFCO staff has been apprised of the District's bounced checks to Whitewater Rock and Supply. If processed by the County Treasury, the County Treasury would have issued the warrants only if adequate funds were present. Please explain any payment activity from the local bank account. LAFCO staff is also aware that the payment to Whitewater Rock and Supply came from the District's brokerage*

*account. Please provide an outline of the brokerage account and its use for payment and/or receipt of revenues.*

This remainder of this Determination is organized as follows:

- Section A provides an overview of the District's financial situation
- Section B outlines the general operations of the District.
- Section C includes independently audited financial summaries up to the most recently audited year, FY 2008-09.
- Section D includes information obtained from the County Auditor, where the District holds three of its four accounts.
- Section E discusses the District's budget and budgetary practices.
- Section F provides additional financial information.
- Section G is a summary and conclusion to the District's financial situation.

### **A. Overview**

LAFCO staff is concerned that audits for the District have not been conducted within 18 months after the end of the fiscal year as required by State Law. The failure by the District to complete audits within the statutory timeframe, in the staff opinion, is a prime indicator of the governance challenges that face the District. Further, each year the proposed budget is prepared without benefit of audited information on its financial position. However, the most recent budget information provided to LAFCO staff does not balance, is severely underfunded and LAFCO staff understands it was not adopted by the Board of Trustees at a noticed hearing.

### **B. General Operations and Accounting**

The government reports the following major governmental funds:

- The general fund labeled "General" is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounting for in another fund.
- The permanent fund labeled "Endowment Care" provides resources that are legally restricted to the extent that only earnings, but no principal, may be used for purposes that support the reporting government's programs.
- Fiduciary funds are used to account for assets held by the District as an agent or trustee for individuals, private organizations, other governments and/or other funds. The Pre-Need Burial Fund is a private-purpose trust fund which transfers funds from its earnings to the General fund to finance burial expenditures. Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

As required by law, the County Treasurer acts as the district treasurer. The District's funds are deposited into the County Treasury, and claims of the District are paid by County warrants.

Additionally, Public Cemetery District Law allows for a revolving fund to pay any authorized expenditures of the district and it allows special districts to get cash advances from the county treasurer so the districts can make change and pay small bills directly. The District has confirmed that in addition to the County Treasury, it operates with a local private bank account (Wells Fargo) for depositing cash and monies received until they are transferred to the County Treasury. However, the District's financial statements do not identify this depository directly. As identified above, LAFCO staff requested a response from the District regarding the purpose of this account, bounced checks, and payment activity.

Audits from FY 2005-06 through FY 2008-09 were conducted through contract by the County Auditor. The audits from FY 2005-06 through FY 2007-08 do not identify the Wells Fargo account.

### **C. Audited Financial Information (through FY 2008-09)**

#### Long-Term Debt

The District does not have any long-term debt other than employee compensated absences, totaling \$5,918 at June 30, 2009.

#### Net Assets

The figure below summarizes the District's net assets through FY 2008-09, where during this time net assets increased overall by two percent. However, it may seem that the Restricted assets (the principal of the Endowment fund) decreased by roughly 50%. Rather, the funds were re-classified with an increase in Unrestricted and a decrease in Restricted. The FY 2006-07 audit does not explain the reclassification but Net Assets overall remains generally constant.

<b>Statement of Net Assets</b>				
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>ASSETS</b>				
Cash & cash equivalents	238,459	239,657	236,155	228,465
Investments	241,300	253,948	276,183	276,440
Other current assets	12,363	14,741	17,767	12,743
Noncurrent assets	104,724	95,392	95,690	96,582
<b>Total assets</b>	<b>\$ 596,846</b>	<b>\$ 603,738</b>	<b>\$ 625,795</b>	<b>\$ 614,230</b>
<b>LIABILITIES</b>				
Current liabilities	10,511	8,366	15,851	16,197
Noncurrent liabilities	3,938	3,420	2,999	5,918
<b>Total liabilities</b>	<b>\$ 14,449</b>	<b>\$ 11,786</b>	<b>\$ 18,850</b>	<b>\$ 22,115</b>
<b>Total Net Assets</b>	<b>\$ 582,397</b>	<b>\$ 591,952</b>	<b>\$ 606,945</b>	<b>\$ 592,115</b>
Invested in capital assets	104,724	95,392	95,690	96,582
Restricted (Principal of endowment care fund)	310,712	154,423	158,513	161,233
Unrestricted	166,961	342,137	352,742	334,300
<b>Total Net Assets</b>	<b>\$ 582,397</b>	<b>\$ 591,952</b>	<b>\$ 606,945</b>	<b>\$ 592,115</b>

\* Restricted cash and investments represent principal (corpus) that is legally restricted for perpetual maintenance of the District (Permanent fund – Endowment care).

### General Fund

For the audited years identified, the General Fund experienced Total Revenues less than Total Expenditures. However, the Pre-Need Burial Fund receives revenues for burial expenditures and transfers funds to the General Fund for this purpose. Even with this Transfer In, for the past three audited years the gap between Fund Balance Beginning and Fund Balance Ending widens in a decreasing manner.

<b>Statement of Rev, Exp, &amp; Changes in Fund Balance - General Fund</b>				
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>REVENUES</b>				
Charges for services	30,496	24,892	14,052	17,325
Property taxes	94,481	128,195	142,703	152,238
Other	20,635	15,830	39,834	30,904
<b>Total Revenue</b>	<b>\$ 145,612</b>	<b>\$ 168,917</b>	<b>\$ 196,589</b>	<b>\$ 200,467</b>
<b>EXPENDITURES</b>				
Salaries & Benefits	112,390	129,663	146,844	156,003
Services & Supplies	31,530	37,691	45,854	33,727
Other	22,092	21,847	35,214	38,996
<b>Total Expenditures</b>	<b>\$ 166,012</b>	<b>\$ 189,201</b>	<b>\$ 227,912</b>	<b>\$ 228,726</b>
Revenues less Expend.	(20,400)	(20,284)	(31,323)	(28,259)
<b>OTHER FINANCING</b>				
Transfers In	23,221	18,666	15,366	9,996
Fund Balance Begin	168,078	170,899	169,281	153,324
<b>Fund Balance End</b>	<b>\$ 170,899</b>	<b>\$ 169,281</b>	<b>\$ 153,324</b>	<b>\$ 135,061</b>

Fiduciary Fund (Pre-need Burial Fund)

For each audited year identified, the Pre-Need Burial Fund increased in net assets.

<b>Net Assets - Fiduciary Fund</b>				
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>NET ASSETS</b>				
Unrestricted	239,640	255,806	269,777	90,499
Restricted				190,522
<b>Total net assets</b>	<b>239,640</b>	<b>255,806</b>	<b>269,777</b>	<b>281,021</b>
<b>ADDITIONS</b>				
Contributions	14,031	23,691	16,545	13,357
Interest	7,989	11,141	12,792	7,883
<b>Total additions</b>	<b>22,020</b>	<b>34,832</b>	<b>29,337</b>	<b>21,240</b>
<b>DEDUCTIONS</b>				
Transfers out	23,221	18,666	15,366	9,996
<b>NET ASSETS</b>	<b>239,640</b>	<b>255,806</b>	<b>269,777</b>	<b>281,021</b>

Endowment Care Fund

Pursuant to State law, the board of trustees may not spend the principal of the endowment fund. However, the principal can be invested in securities and obligations, and the interest and gains may be spent from the investments (§9065(e)). For each audited year identified, the Endowment Fund increased in fund balance.

<b>Statement of Rev, Exp, &amp; Changes in Fund Balance - Endowment Care Fund</b>				
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
<b>REVENUES</b>				
Charges for services	5,630	4,060	4,090	2,720
Interest & investment	159	15,927	26,141	2,740
<b>Total Revenue</b>	<b>\$ 5,789</b>	<b>\$ 19,987</b>	<b>\$ 30,231</b>	<b>\$ 5,460</b>
<b>EXPENDITURES</b>				
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Revenues less Expend.</b>	<b>5,789</b>	<b>19,987</b>	<b>30,231</b>	<b>5,460</b>
Fund Balance Begin	304,923	310,712	330,699	360,930
<b>Fund Balance End</b>	<b>\$ 310,712</b>	<b>\$ 330,699</b>	<b>\$ 360,930</b>	<b>\$ 366,390</b>

**D. CASH RECONCILIATION FOR FY 2009-10 through March 31, 2012**

The lack of audited data to reference provides a challenge to accurately present the financial situation of the District. The District utilizes the County Treasury as its depository and also utilizes the County Auditor for payroll and monthly bookkeeping. LAFCO staff requested year-end reconciled data for FY 2009-10, FY 2010-11, and through March 2012 for FY 2011-12. However, data for FY 2009-10 could not be provided by the publication of this report. Nonetheless, the data provided for shows that the cash balances for the General Fund is substantially less than FY 2008-09. Therefore, LAFCO staff questions the decrease of this fund, coupled with a bounced check from its Wells Fargo account, and the ability of this district to support ongoing operations.

As for the Endowment Fund, which secures resources that are legally restricted to the extent that only earnings and no principal (corpus) may be used for purposes that support the District's programs, a portion of the fund is invested with an approved broker/dealer per the District's investment policy. The FY 2008-09 audit identified that the fund had \$276,440 of which \$81,156 was in the form of cash with the remainder as invested in treasuries and federal agencies. Without audited data, it cannot be assumed that the \$81,156 in cash has increased to \$95,305 by the end of FY 2010-11 (shown below).

Twentynine Palms and Wonder Valley Service Reviews  
May 7, 2012

	As of June 30, 2011			
	GENERAL	PRE-NEED	ENDOWMENT	Total
<b>Beginning Cash Balance/(Deficit) as of July 1</b>	111,993.11	276,035.07	92,525.96	480,554.14
Deposits/Settlement Monies	44,684.43	13,360.34	1,770.00	59,814.77
Property Tax Apportionments	146,793.08	-	-	146,793.08
Interest Apportionments	1,056.28	3,012.37	1,009.94	5,078.59
Other	2,000.16	-	-	2,000.16
<b>Subtotal Receipts and Interest</b>	<b>194,533.95</b>	<b>16,372.71</b>	<b>2,779.94</b>	<b>213,686.60</b>
Operating Transfers:				
Transfers From (Burial Cost)	14,294.12	-	-	14,294.12
Transfers To (Burial Cost)	-	(14,294.12)	-	(14,294.12)
<b>Subtotal Transfers</b>	<b>14,294.12</b>	<b>(14,294.12)</b>	<b>-</b>	<b>-</b>
Payroll	(107,376.39)	-	-	(107,376.39)
Vendors Payments	(185,246.14)	(1,113.00)	-	(186,359.14)
<b>Subtotal Payments and Contributions</b>	<b>(292,622.53)</b>	<b>(1,113.00)</b>	<b>-</b>	<b>(293,735.53)</b>
<b>Net Annual Cash Transactions</b>	<b>(83,794.46)</b>	<b>965.59</b>	<b>2,779.94</b>	<b>(80,048.93)</b>
<b>Ending Cash Balance/(Deficit) as of June 30</b>	<b>28,198.65</b>	<b>277,000.66</b>	<b>95,305.90</b>	<b>400,505.21</b>

	As of March 31, 2012			
	GENERAL	PRE-NEED	ENDOWMENT	TOTAL
<b>Beginning Cash Balance/(Deficit) as of July 1</b>	28,198.65	277,000.66	95,305.90	400,505.21
Deposits/Settlement Monies	19,812.18	10,971.47	2,040.00	32,823.65
Property Tax Apportionments	88,571.03	-	-	88,571.03
Interest Apportionments	215.87	1,197.02	448.83	1,861.72
Other	1,625.39	-	-	1,625.39
<b>Subtotal Receipts and Interest</b>	<b>110,224.47</b>	<b>12,168.49</b>	<b>2,488.83</b>	<b>124,881.79</b>
Operating Transfers:				
Transfers From (Burial Cost)	87,083.00	-	-	87,083.00
Transfers To (Burial Cost)	-	(88,298.54)	-	(88,298.54)
<b>Subtotal Transfers</b>	<b>87,083.00</b>	<b>(88,298.54)</b>	<b>-</b>	<b>(1,215.54)</b>
Payroll	(84,469.94)	-	-	(84,469.94)
Vendors Payments	(89,145.97)	(82.25)	-	(89,228.22)
<b>Subtotal Payments and Contributions</b>	<b>(173,615.91)</b>	<b>(82.25)</b>	<b>-</b>	<b>(173,698.16)</b>
<b>Net Annual Cash Transactions</b>	<b>23,691.56</b>	<b>(76,212.30)</b>	<b>2,488.83</b>	<b>(50,031.91)</b>
<b>Ending Cash Balance/(Deficit) as of March 31</b>	<b>51,890.21</b>	<b>200,788.36</b>	<b>97,794.73</b>	<b>350,473.30</b>

### E. Budget and Practices

#### FY 2011-12 Budget

The District utilizes the County Treasury as its depository and also utilizes the County Auditor for payroll and monthly bookkeeping. The District's FY 2011-12 budget as submitted by the District to the County Auditor for processing is included as a part of Attachment #4. The charts below summarize Expenditures and Revenues and the respective categories. Of serious concern are the following items:

- The lack of an adopted budget by the District board of trustees.
- The lack of budgeted revenues for the year, representing 42% of expenditures.
- The small amount of reserves, representing 7% of expenditures. The budgeting literature recommends a minimum of 10% reserves for non-enterprise districts.
- The budget does not balance and is lopsided heavily towards expenditures with no identification of the source of funds to balance.
- The lack of a business-like adopted budget adhering to generally accepted budgeting standards.

Expenditure	Amount	Percent
Salaries & Benefits	\$203,500	54%
Services & Supplies	109,450	29
Land Improvements	25,000	7
Reserves	25,000	7
Transfers Out	10,650	3
<b>TOTAL</b>	<b>\$373,600</b>	<b>100%</b>

Revenue	Amount	Percent
Taxes	\$99,400	63%
Interest	9,500	6
Charges & Sales	27,500	17
Transfers In	10,000	6
Trust transactions	1,500	1
Other	10,500	7
<b>TOTAL</b>	<b>\$158,400</b>	<b>100%</b>

#### Appropriation Limit (Gann Limit)

Article XIII B of the State Constitution (the Gann Spending Limitation Initiative)<sup>51</sup>, mandates local government agencies receiving the proceeds of taxes to establish an appropriations limit.<sup>52</sup> Without an appropriations limit, agencies are not authorized to expend the proceeds of taxes. Section 9 of this Article provides exemptions to the appropriations limit, such as Section 9(c) exempts the appropriations limit for special districts which existed on January 1, 1978 and which did not levy an ad valorem tax on property in excess of \$0.125 (12 ½ cents) per \$100 of assessed value for the 1977-78 fiscal year. According to the *County of San Bernardino 1977-78 Valuations/Tax Rates* publication (copy included in Attachment #4), the tax rate for the District for FY 1977-1978 was \$0.1271 per \$100 of assessed value.

<sup>51</sup> In 1979 the voters amended the California Constitution by passing Proposition 4 (the Gann Initiative), requiring each local Government to set an annual appropriations limit (the Gann Limit).

<sup>52</sup> This requirement is reinforced in Public Cemetery District Law, Health and Safety Code § 9072(a).

Being over the \$0.125 tax rate, the district does not qualify for an exemption from the requirement of an appropriations limit. Therefore, it must have an appropriations limit. Failure to provide for an appropriation limit calls into question the District's ability to expend the proceeds of taxes (general ad valorem share and special taxes).

Section 1.5 reads that the annual calculation of the appropriations limit for each entity of local government shall be reviewed as part of an annual financial audit. Further, Government Code Section 7910<sup>53</sup> expands upon the Gann Initiative and requires each local government to annually establish its appropriation limits by resolution. Since the District lacks the mandatory appropriation limit, the District's audits and budgets do not identify adherence to the above-mentioned audit and budget requirements and no verification of this requirement has taken place as required by State law and the Constitution.

## **F. Additional Financial Information**

### Tax sharing agreement (RDA)

In 1993 the RDA and the Cemetery District entered into an agreement for sharing of tax increment funds. For each fiscal year during and after the life of the Four Corners Redevelopment Plan, the Agency shall pay the District 100% of the District's tax increment share. With the demise of RDAs through implementation of ABx1-26, revenues to be distributed to the District have not been identified.

### Post-Employment Benefits

#### *Pension*

Edward Jones carries the District's IRA retirement plan. Employees are eligible to participate in the plan at the end of the employee's probationary period. The plan is 100% immediately vested. Each employee contributes \$27.78 in 24 equal payroll deductions. This amount, along with the District's contribution is forwarded to Edward Jones at the end of each month. Each employee receives a total annual contribution of \$2,000 towards their IRA retirement plan.

#### *Other Post-Employment Benefits*

The financial statements do not identify if the employees or board members receive other post-employment benefits.

### Filing Requirements

Health and Safety Code §9070(c) requires the board of trustees of cemetery districts to adopt a final budget and forward a copy of the final budget to the county auditor. According

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<sup>53</sup> Added by Stats.1980, c. 1205, p. 4059, § 2. Amended by Stats.1988, c. 1203, § 1; Stats.2007, c. 263 (A.B.310), § 25.

to records from the County Auditor, the last budget received was in July 2011 for FY 2011-12.

Government Code Section 26909 requires all districts to provide for regular audits<sup>54</sup>; the Agency conducts annual audits and meets this requirement. Section 26909 also requires districts to file a copy of the audit with the county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, the last audit received was in May 2010 for FY 2008-09. The District should be directed to forward the mandatory documents to the County Auditor.

### **G. Conclusion to Financial Determination**

The lack of current audits and proper budgets lead to difficulty in presenting and discussing the District's financial data for this report. Therefore, a complete presentation of the District's current financial position cannot be provided in this report. The failure by the District to complete audits within the statutory timeframe, in the staff opinion, is a prime indicator of the governance challenges that face the District. Further, each year the proposed budget is prepared without benefit of audited information on its financial position. However, the most recent budget information provided to LAFCO staff does not balance and is severely underfunded. Additionally, failure to provide for an appropriation limit calls into question the District's ability to expend the proceeds of taxes.

LAFCO staff questions the District's ability to support ongoing operations due to:

- For the past three audited years, the General Fund's gap between Fund Balance Beginning and Fund Balance Ending widens in a decreasing manner with a sharp decline at the close of FY 2010-11.
- Lack of an adequate operating reserve.
- Lack of response from District regarding its outside Wells Fargo account and bounced checks.

### **V. Status of, and opportunities for, shared facilities.**

Public Cemetery Law allows opportunities for a cemetery district to:

- Lease land acquired for future cemetery use to a public agency for recreational use (§9054 (b)).
- Dedicate real property or an interest in real property owned by the district to another public agency for use as roads or utility rights-of-way, including but not limited to water, sewer, drainage, gas or electricity transmission, or communications purposes (§ 9056(a)).

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<sup>54</sup> This requirement is reinforced in Public Cemetery District Law, Health and Safety Code § 9079(a).

The District has not utilized these provisions and doing so could generate additional revenue.

**VI. Accountability for community service needs, including governmental structure and operational efficiencies.**

The District is an independent special district governed by a five-member board of trustees appointed to four-year terms by the County Board of Supervisors. Below is the composition of the current board of trustees, their positions, and terms of office. As shown, the terms are not staggered in two year increments (i.e. 2014 and 2016); one seat has a term expiration of 2013. The County Clerk of the Board is responsible for maintaining the records and coordinating the appointment process. LAFCO staff is working with the Clerk of the Board to comply with provisions of Public Cemetery District Law by staggering the terms in even years and that, "Any vacancy in the office of a member appointed to a board of trustees shall be filled *promptly*..."

Board Member	Title	Term
Sandra Gray	Chairperson	Jan 2016
Elizabeth Laferriere	Trustee	Jan 2016
April Gibson	Trustee	Jan 2013
Omer Snodgrass	Trustee	Jan 2014
Vacant	Trustee	

Public Cemetery District Law requires three officers for a board of trustees: chairperson, vice-chairperson, and a secretary, however the secretary may be either a trustee or a district employee (§9028). The information provided by the District does not identify that the board has appointed a vice-chairperson or secretary.

Currently, four of the five seats are occupied and the District states that community interest in board membership historically has been low. An option afforded in Public Cemetery District law is for the board to request through resolution that the County Board of Supervisors reduce board membership from five members to three members (§9020, §9025). In the LAFCO staff view, limiting membership to three members for such a large geographical area would not promote any oversight efficiencies; a full membership of five members should be sought by the District and the County Board of Supervisors to promote adequate oversight of District affairs and community participation in an important service.

Alternatively, the County Board of Supervisors may appoint itself to be the board of trustees (§9026). Such an action would not require LAFCO approval as it would not be a change of organization, rather the District remains but the governing body would be different.

Regular Board of Directors Meetings are held on the last Thursday of each month at 6pm at the District headquarters located at 5350 Encelia Avenue in Twentynine Palms.

## Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through “out-of-agency” service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

## Out of Agency Service Agreements

There are no out-of-agency service agreements approved by LAFCO authorizing the District to provide service outside of its boundaries. Further the nature of its service does not lend to service outside of its boundaries. However, Public Cemetery District Law allows for cemetery districts to inter those that reside outside of a district’s boundaries, subject to payment of a non-resident fee. LAFCO staff is not aware that the District includes such a fee in its schedule.

## Government Structure Options:

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>55</sup>. The Guidelines address 49 factors in identifying an agency’s government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

In some cases, functional consolidation or integration can reduce costs so that services can be maintained and improved with fewer dollars. The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical, yet possible, scenarios for the community to consider for the future. Movement towards these scenarios would include, but not be limited to, the requirement for preparation of a plan for service, fiscal impact analysis, and any other studies deemed necessary.

- Health and Safety Code Section 8125 authorizes cities to survey, lay out, and dedicate for burial purposes no more than five acres of public lands. The District operates more than five acres. If the City of Twentynine Palms were to succeed to the District’s cemetery services, special legislation would need to occur. There is statutory precedent for such authorization; in 2008, AB 1932 authorized the City of Simi Valley to operate a cemetery on public lands containing five acres or more. Should the City desire to succeed to the District’s services and facilities, special legislation would be required.

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<sup>55</sup> State of California. Governor’s Office of Planning and Research. “Local Agency Formation Commission Municipal Service Review Guidelines”, August 2003.

- The County Board of Supervisors may appoint itself to be the board of trustees (§9026). Such an action would not require LAFCO approval as it would not be a change of organization, rather the District remains but the governing body would be different.
- The County could submit an application to LAFCO to form a County Service Area for cemetery service to include dissolution of the two public cemetery districts within the County. In this scenario, the County would operate, and maintain the two current public cemeteries, as well as the cemeteries operated by other county service areas and zones. In 2003, the Legislature gave CSAs the same power to provide interment services that public cemetery districts have (SB 341). This would promote increased oversight of all public cemeteries within the unincorporated county as well as providing for economies of scale.

## **TWENTYNINE PALMS PUBLIC CEMETERY DISTRICT SPHERE OF INFLUENCE UPDATE**

### Sphere of Influence

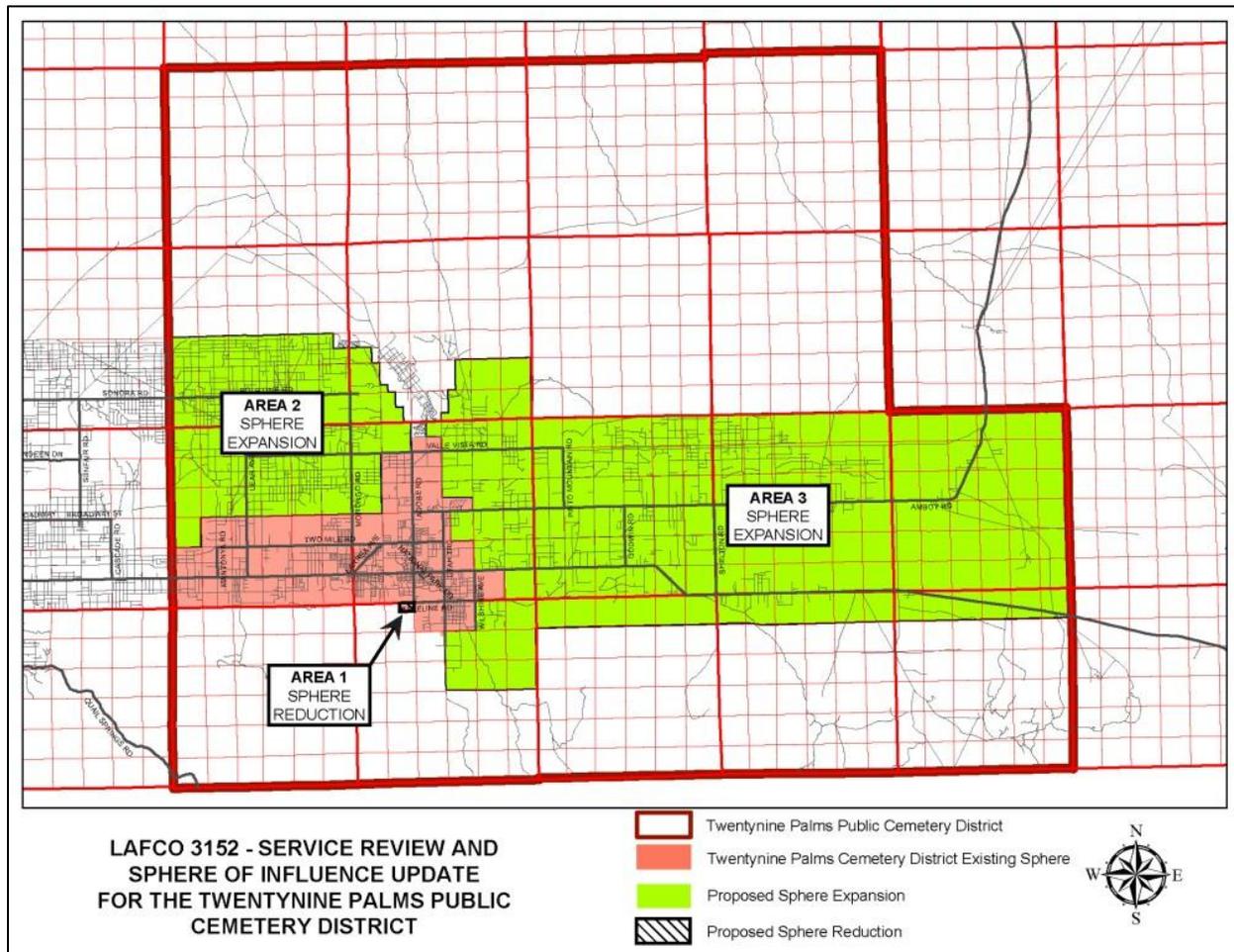
In 1972, the Commission established the sphere of influence for the Twentynine Palms Cemetery District. Since that time, there has been no change to the District's sphere. Staff is recommending that the Commission either:

1. Adopt a zero sphere of influence for the Twentynine Palms Cemetery District based upon the financial and operational issues identified in the service review report; or,
2. Modify the District's sphere of influence to encompass the Commission's definition for the Twentynine Palms community and the remainder of the Wonder Valley community, as reflected by the boundaries for County Service Area 70 M or the San Bernardino County Fire Protection District Zone FP-4, if it believes that answers to the financial and operational issues outlined in this report have been satisfied. This would still retain areas outside the sphere of influence within the boundaries of the District. In order to accomplish this, staff recommends the following sphere of influence amendments:
  - Reduce the District's existing sphere by approximately 65 acres (Area 1) to exclude an area along the south comprising of previously privately-owned parcels that are now generally public lands within the Joshua Tree National Park;
  - Expand the sphere for the District along the northwest by approximately 28,200 acres (Area 2) which is within the community definition for Twentynine Palms;
  - Expand the sphere for the District along the east by approximately 99,271 acres (Area 3) which is within the community definition for Twentynine Palms and the remainder of the Wonder Valley community, as reflected by the boundaries for County Service Area 70 M or the San Bernardino County Fire Protection District Zone FP-4.

Staff requests that the Commission include as a condition the requirement that the District provide a response on the timeline to correct its lack of audits; provide the Commission with copies of adopted budgets and completed financial statements for the next five fiscal years; that the District provide copies of its audits and budgets to the County Auditor as required by law; and require that an appropriation limit be implemented for the agency within the next twelve months. In addition, staff requests that the Commission direct staff to provide biannual updates to the Commission until issues are resolved.

The next service review and sphere update in five years will revisit the operational and fiscal challenges of the District and provide updated governmental structure options with LAFCO staff monitoring the governance and financial health of the District in the interim. Should the District's governance practices or financial position not improve, LAFCO staff will return to

the Commission with a request for an immediate service review with the recommendation for an alternative governance structure.



Authorized Powers

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)).

Staff recommends that the Commission modify the service description for the Cemetery function as to accurately describe the services provided (changes identified in ~~strikeout~~ and underline below):

FUNCTION	SERVICE
Cemetery	Interment, <u>burials, selling plots, opening and closing of graves</u>

## **FACTORS OF CONSIDERATION**

Government Code Section 56425 requires the Commission to make four specific determinations related to a sphere of influence update. The staff's responses to those factors are as follows:

### **I. Present and Planned Uses in the Area, Including Agricultural and Open-Space Lands.**

Within the District's entire boundary, roughly 21% of the land is privately owned and the remainder, 79%, is public lands that represent primarily Bureau of Land Management (BLM) lands along the eastern section of the District, the Marine Corps Air Ground Combat Center along the north, and the Joshua Tree National Park along the southwest, which are lands administered by the U.S. National Park Service. Most of the lands are devoted primarily to resource protection and recreational use.

Within the District's boundary, approximately 75% is designated Resource Conservation (comprising mostly of the BLM lands, the Marine Base, and the Joshua Tree National Park area) and 16% Rural Living. The remainder 9% of the total area is within the City of Twentynine Palms. Of the 9% District territory that is within the City's boundaries, approximately 43% is Rural Living, 32 % Single-Family Residential, 6% Open Space Residential, 3% Multi-Family Residential, 4% Commercial, 3% Industrial, 3% Public and Floodway, and 6% Military (portion of the City within the Marine Corps Air Ground Combat Center).

The area being proposed for reduction from the District's current sphere of influence (Area 1) is designated as RC (Resource Conservation) and has no development potential since this is public land within the Joshua Tree National Park.

The areas being proposed to be added to the District's sphere of influence include lands that are designated primarily as RL-5 (Rural Living, 5-acre lots), RL (Rural Living, 2.5-acre lots), RL-10 (Rural Living 10-acre lots), RC (Resource Conservation), and some scattered commercial (Rural Commercial, Service Commercial) and institutional land uses.

### **II. Present and Probable Need for Public Facilities and Services in the Area.**

The cemetery facilities currently cover 30 acres, 20 of which are currently developed. Those residing outside of the District's boundaries are subject to a non-resident fee of \$100 for the large garden, \$195 for a cremation or infant burial, and \$390 for an adult burial.

**III. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide.**

The 29 Palms Public Cemetery is located at 5350 Encelia Avenue in the City of Twentynine Palms, California. The District currently handles approximately 50 burials a year. As a Public Cemetery District, it provides burials for all qualifying district residents and their families. A non-resident fee is imposed for those who reside outside of the District's boundaries,

**IV. Existence of any Social or Economic Communities of Interest in the Area.**

Social and economic communities of interest include the City of Twentynine Palms, the Marine Corps Base, Joshua Tree National Park, Twentynine Palms Highway, and the Morongo Unified School District.

**CONCLUSION FOR TWENTYNINE PALMS PUBLIC CEMETERY DISTRICT:**

Staff is recommending that the Commission make the following sphere determinations for the Twentynine Palms Public Cemetery District:

For the sphere of influence update, staff recommends that the Commission either:

1. Adopt a zero sphere of influence for the Twentynine Palms Cemetery District based upon the financial and operational issues identified in the service review report; or,
2. Modify the District's sphere of influence to encompass the Commission's definition for the Twentynine Palms community and the remainder of the Wonder Valley community, as reflected by the boundaries for County Service Area 70 M or the San Bernardino County Fire Protection District Zone FP-4, if it believes that answers to the financial and operational issues outlined in this report have been satisfied. This would still retain areas outside the sphere of influence within the boundaries of the District. In order to accomplish this, staff recommends the following sphere of influence amendments:
  - Reduce the District's existing sphere by approximately 65 acres (Area 1) to exclude an area along the south comprising of previously privately-owned parcels that are now generally public lands within the Joshua Tree National Park;
  - Expand the sphere for the District along the northwest by approximately 28,200 acres (Area 2) which is within the community definition for Twentynine Palms;
  - Expand the sphere for the District along the east by approximately 99,271 acres (Area 3) which is within the community definition for Twentynine Palms and the remainder of the Wonder Valley community, as reflected by the boundaries for County Service Area 70 M or the San Bernardino County Fire Protection District Zone FP-4.

Staff requests that the Commission include as a condition the requirement that the District provide a response on the timeline to correct its lack of audits; provide the Commission with copies of adopted budgets and completed financial statements for the next five fiscal years; that the District provide copies of its audits and budgets to the County Auditor as required by law; and require that an appropriation limit be implemented for the agency within the next twelve months. In addition, staff requests that the Commission direct staff to provide biannual updates to the Commission until issues are resolved.

The next service review and sphere update in five years will revisit the operational and fiscal challenges of the District and provide updated governmental structure options with LAFCO staff monitoring the governance and financial health of the District in the interim. Should the District's governance practices or financial position not improve, LAFCO staff will return to the Commission with a request for an immediate service review with the recommendation for an alternative governance structure.

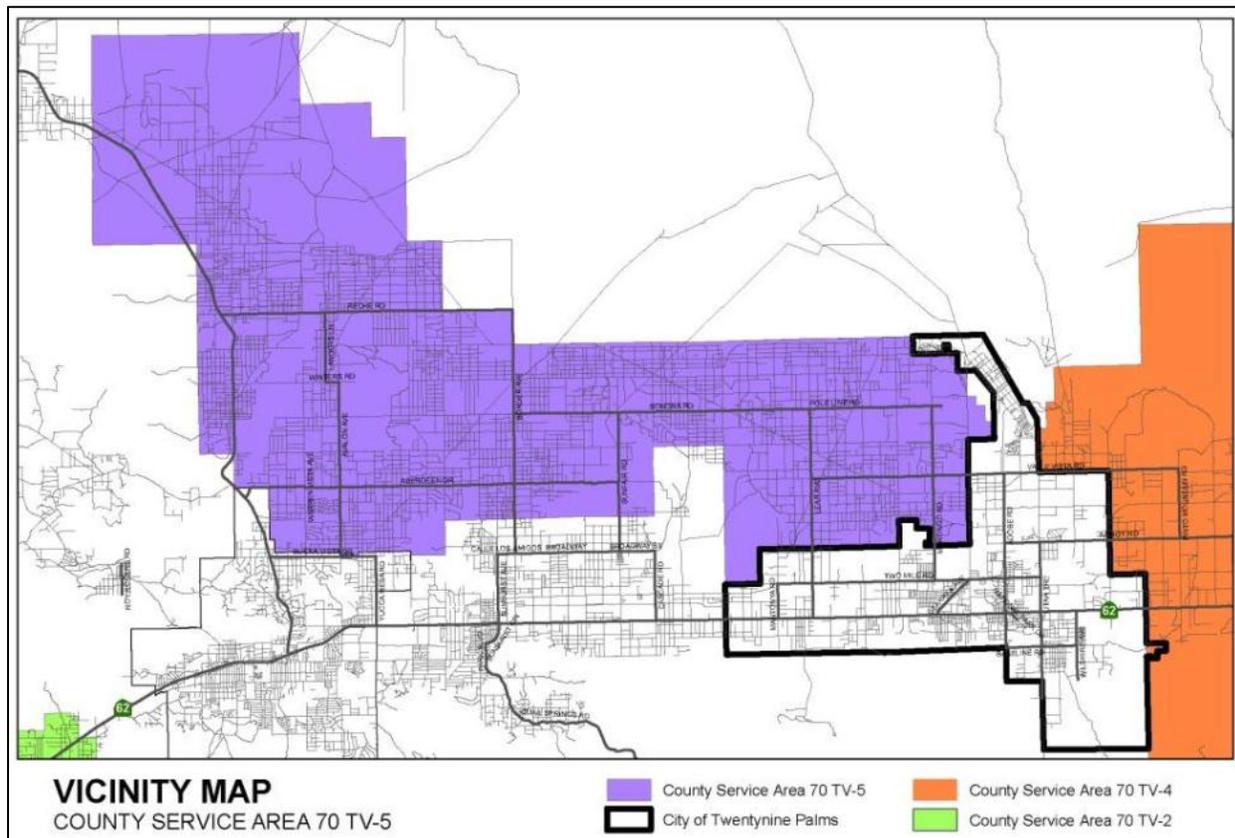
For the updating the service descriptions, modify the service description to its Cemetery function by adding "Burials, selling plots, opening and closing of graves".

## COUNTY SERVICE AREA 70 ZONE TV-5 (MESA) Service Review

### INTRODUCTION:

County Service Area 70 Zone TV-5 (hereafter shown as “Zone TV-5”) provides low power television translator service to a 100 square mile area. Material was submitted to provide information to the Commission and the public of the broad range of municipal-type services provided within the community. Zone TV-5 is not under LAFCO purview and has no sphere of influence; therefore only information related to a service review is provided for this report.

Zone TV-5 was formed in 1995 by action of the County of San Bernardino Board of Supervisors and approved by the electorate serving a regional function. Information on this agency has also been provided in the Service Reviews for the Homestead Valley, Yucca Valley and Joshua Tree communities. A special tax and appropriations limit election was held for the purpose of providing funds and expenditure authorization for the service. The tax is levied at a rate of \$25 per year per improved parcel on 6,412 parcels. Zone TV-5 provides eight UHF channels of translator service broadcast from Pinto Mountain to a 100 square mile area encompassing Copper Mesa, Desert Heights, Flamingo Heights, Landers, and Yucca Mesa. Zone TV-5 provides service to approximately 16,500 persons. A map showing Zone TV-5 is shown below and is included as a part of Attachment #5.



## **CSA 70 ZONE TV-5 SERVICE REVIEW**

The County Special Districts Department, administrators for board-governed special districts, prepared a service review consistent with San Bernardino LAFCO policies and procedures. The Department's response on behalf of Zone TV-5 to LAFCO's original and updated requests for materials includes, but is not limited to, system and financial information. The information submitted is included as a part of Attachment #5 and are incorporated in the information below.

### **I. Growth and population projections for the affected area.**

In 2000, the population within Zone TV-5's boundaries was 7,457. Based on the 2010 Census, the current population for the area is 9,540. This represented an average annual growth rate of approximately 2.5 percent within the given period.

The projected growth for Zone TV-5's boundaries was calculated utilizing a combination of the growth rates identified in the Regional Council of the Southern California Association of Governments (SCAG) Draft 2012 Regional Transportation Plan (RTP) Integrated Growth Forecast for the County's unincorporated area for the given periods and the use of average annual growth rate. By 2040, the population within Zone TV-4 is estimated to reach 13,072. This represents a projected annual growth rate of approximately 1.1 percent between 2010 and 2040, which also represents a total population increase of 37 percent from 2010.

#### **Population Projection 2010-2040 Within CSA Zone TV-5**

Census		Population Projection					
2000	2010	2015	2020	2025	2030	2035	2040
7,457 <sup>56</sup>	9,540 <sup>57</sup>	9,698 <sup>58</sup>	9,860	10,580 <sup>59</sup>	11,353	12,182	13,072

### **II. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

This determination does not apply since there is no sphere of influence assignment for a zone to a county service area.

<sup>56</sup> 2000 population data was derived from the 2000 Census for CSA 70 TV-5 area.

<sup>57</sup> 2010 population data was derived from the 2010 Census for CSA 70 TV-5 area.

<sup>58</sup> 2015 and 2020 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG's 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the unincorporated County area between 2010 and 2020 data.

<sup>59</sup> 2025, 2030, 2035 and 2040 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG's 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the unincorporated County area between 2020 and 2035 data.

**III. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

Zone TV-5 provides eight UHF channels of UHF translator service broadcast from Pinto Mountain to a 100 square mile area encompassing Copper Mesa, Desert Heights, Flamingo Heights, Landers, and Yucca Mesa, but does not include the Johnson Valley area.

As of February 19, 2009, federal law requires that all full-power broadcast stations broadcast in digital format only. Zone TV-5 is not required to transition to digital since it broadcasts a low-power signal. The Federal Communications Commission has ruled that all low power TV districts are required to convert from analog to digital by September 15, 2015. All County Special Districts Department TV districts are in the process of securing new digital licenses for all stations currently administered in the districts.

Analog stations will be replaced by digital channels at a ratio of 1:4. Special Districts Department will attempt to maintain some analog service up to September 15, 2015, but will not continue to repair or purchase analog equipment after conversion to digital is complete. The projected completion date for full digital conversion is January 2013.

**IV. Financial ability of agencies to provide services.**

On July 11, 1995, the electorate of Zone TV-5 approved a special tax and appropriations limit authorizing a \$25 per improved parcel, per year charge to fund television services. It is important to note that this special tax does not have an inflation factor. Each year the County adopts a resolution for continuing the special tax that was previously approved by the voters.<sup>60</sup> Although the special tax is identified in the narrative introductory to Zone TV-5's budget, the budget charts identify its funding source as "Fee/Rate" (shown below). Further, the financial statements identify that in FY 2009-10 Zone TV-5 received \$7,316 in property taxes, \$155,376 in special assessments, and \$6,000 in service fees. The County Auditor's tax rate publication does not identify Zone TV-5 as receiving a share of the one percent ad valorem property tax. Therefore, LAFCO staff recommends that the County accurately identify the source of revenue (special tax) in its budgets and financial statements.

Expenditures consist of the annual salary and benefit share paid to County Service Area 70 and maintenance of the translator. In looking at the chart below, Zone TV-5's expenditures increased significantly in FY 2007-08. This is due to equipment replacement of the eight translators at a total cost of \$84,996. Zone TV-5 utilizes the County Special Districts Department for management of its operations and transfers a proportional share to CSA 70 Countywide for salaries and benefits and services and supplies support. The budget identifies the following activities which have had significant changes from the prior year:

- Staffing expenses of \$2,339 fund 1 public service employee (PSE) position and are increasing by \$1,968 due to additional PSE hours.

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<sup>60</sup> Most recent annual adoption was adopted by the Board of Supervisors on 7 June 2011, Item 81.

- Operating expenses of \$119,722 include costs for utilities, maintenance, professional services, vehicle charges, insurance, and administrative support. The increase of \$32,703 is primarily due to higher utility charges.
- Capital expenditures of \$15,000 support the purchase of a transmitter/modulator not required in prior year.
- Contingencies of \$316,609 are increasing by \$31,368 to support future year operations.
- Departmental revenue of \$168,171 includes a per parcel special tax and interest earnings and is decreasing by \$3,208 based on projected revenue.

	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2010-11 Final Budget	2011-12 Adopted Budget
<b>Appropriation</b>						
Staffing Expenses	46,732	44,508	19,710	369	371	2,339
Operating Expenses	102,433	92,356	83,626	87,018	87,019	119,722
Capital Expenditures	84,996	8,802	10,495	846	846	15,000
Contingencies	0	0	0	0	285,241	316,609
Total Exp Authority	234,161	145,666	113,830	88,233	373,477	453,670
Reimbursements	0	(12,000)	(7,178)	0	0	0
Total Appropriation	234,161	133,666	106,652	88,233	373,477	453,670
Operating Transfers Out	0	0	0	0	0	0
Total Requirements	234,161	133,666	106,652	88,233	373,477	453,670
<b>Departmental Revenue</b>						
Taxes	0	0	0	9,610	8,764	0
Realignment	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0
Fee/Rate	165,647	159,481	162,692	157,054	157,901	162,671
Other Revenue	12,123	11,027	8,275	4,666	4,714	5,500
Total Revenue	177,770	170,508	170,967	171,330	171,379	168,171
Operating Transfers In	0	0	0	0	0	0
Total Sources	177,770	170,508	170,967	171,330	171,379	168,171
				Fund Balance	202,098	285,499
				Budgeted Staffing	0	1

### Appropriation Limit

An appropriation limit is required by Article XIII B of the State Constitution and limits the expenditure of the proceeds of taxes. By action taken on June 28, 2011 the Board of Supervisors of the County of San Bernardino established the preliminary appropriation limit for Zone TV-5 at \$341,351. Should Zone TV-5 utilize its Contingencies, it would exceed its appropriation limit. However, the financial statements included do not identify if the district exceeds its appropriations limit or designates a portion of the fund balance of general contingencies to be used in future years.

## **V. Status of, and opportunities for, shared facilities.**

The Special Districts Department consolidates the administrative operations and facilities for county service areas and improvement zones under the auspices of CSA 70. Additionally, the all the board-governed television districts share a TV Services Assistant and a fair share of the use of the position.

## **VI. Accountability for community service needs, including governmental structure and operational efficiencies.**

### *Local Government Structure and Community Service Needs*

Zone TV-5 is governed by the County Board of Supervisors and administered by the County Special Districts Department; it is within the political boundaries of the First and Third Supervisorial Districts. Zone TV-5's budgets are prepared as a part of the County Special Districts Department's annual budgeting process. The annual budget is presented to the County Executive Office and Board of Supervisors for review and approval. Zone TV-5 does not utilize an advisory commission or municipal advisory committee.

### *Operational Efficiency*

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services provided under County Service Area 70. Therefore, Zone TV-5 has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it and pays a proportional cost of the administrative functions of the County Special Districts Department.

Government Code Section 26909 allows a special district to conduct a biennial audit, conduct an audit covering a five-year period, or replace the annual audit with a financial review if certain conditions are met. This board-governed agency meets the conditions for one if not all of the above. Therefore, this agency has the potential to realize cost savings should it choose to undertake the necessary steps outlined in state law. This possibility would need to be discussed and decided between the County, its departments and the landowners and voters within the agency to maintain transparency.

### *Government Structure Options*

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

### Out-of-Agency Service Agreements:

Direct service is not provided outside the boundaries of Zone TV-5; however, the translator signal can travel outside of its boundaries to areas where parcels do not pay the annual \$25 special tax.

### Government Structure Options:

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>61</sup> and San Bernardino LAFCO has adopted these guidelines as its own. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

In some cases, functional consolidation or integration can reduce costs so that services can be maintained and improved with fewer dollars. The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical, yet possible, scenarios for the community to consider for the future. Movement towards these scenarios would include, but not be limited to, a plan for service, fiscal impact analysis, and any other required studies.

- Single county service area for TV translator service. This scenario would reorganize the two county service areas and three county service area zones into a single county service area that provides translator service. Normally, this option is not desirable since the distance between these districts is vast. However, a county service area need not have contiguous territory, according to County Service Area Law. One single-purpose county service area providing television translator service would reduce duplicative administration, budget, and audit costs. This is a viable option and one which is supported by LAFCO law.

### **CONCLUSION:**

Staff is recommending that the Commission make the following recommendation for Zone TV-5, as it did when reviewing the Yucca Valley, Joshua Tree and Homestead Valley communities, and that follow-up be submitted verifying the implementation of this recommendation:

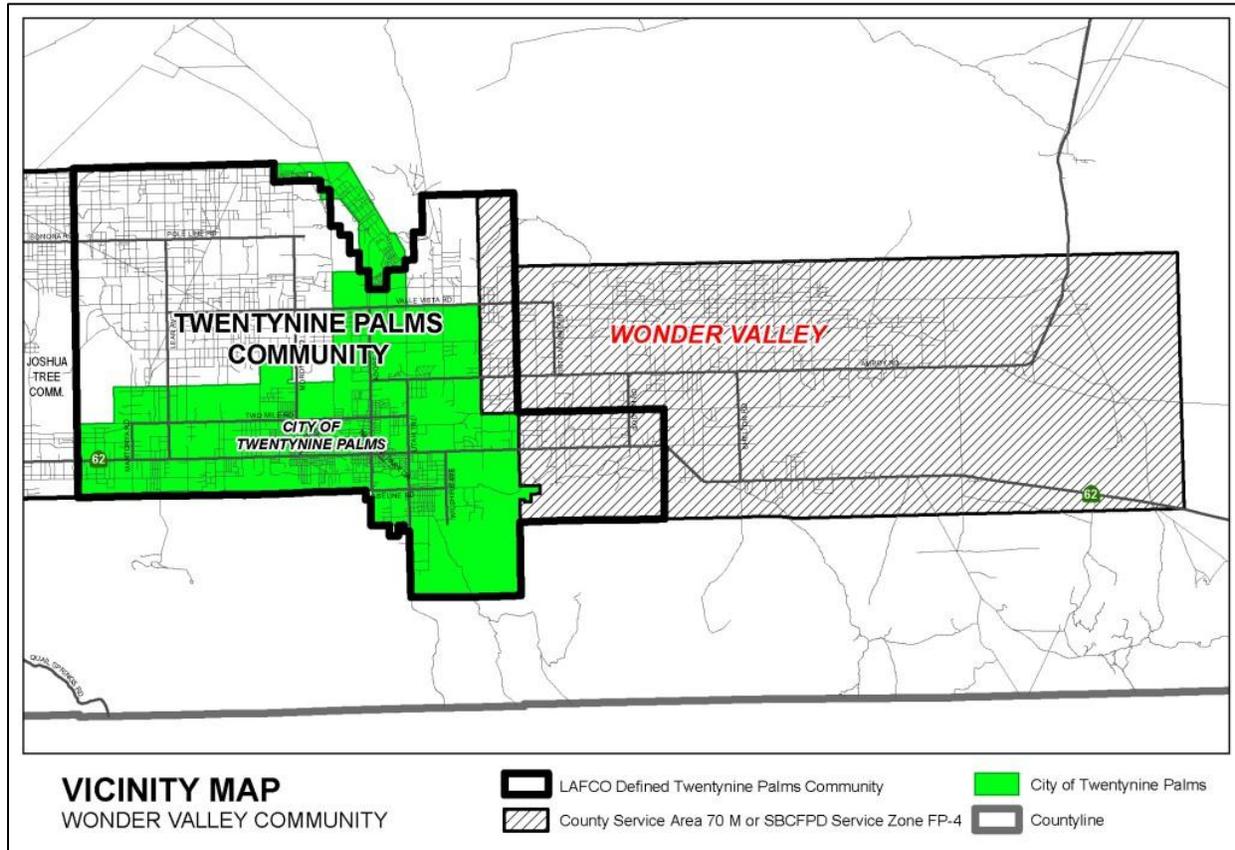
Accurately identify the source of revenue (special tax) in its budgets and financial statements.

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<sup>61</sup> State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

## WONDER VALLEY COMMUNITY

The eastern sphere of influence of the Twentynine Palms community, as defined by the sphere of influence of the Twentynine Palms Water District, extends into the unincorporated Wonder Valley community.



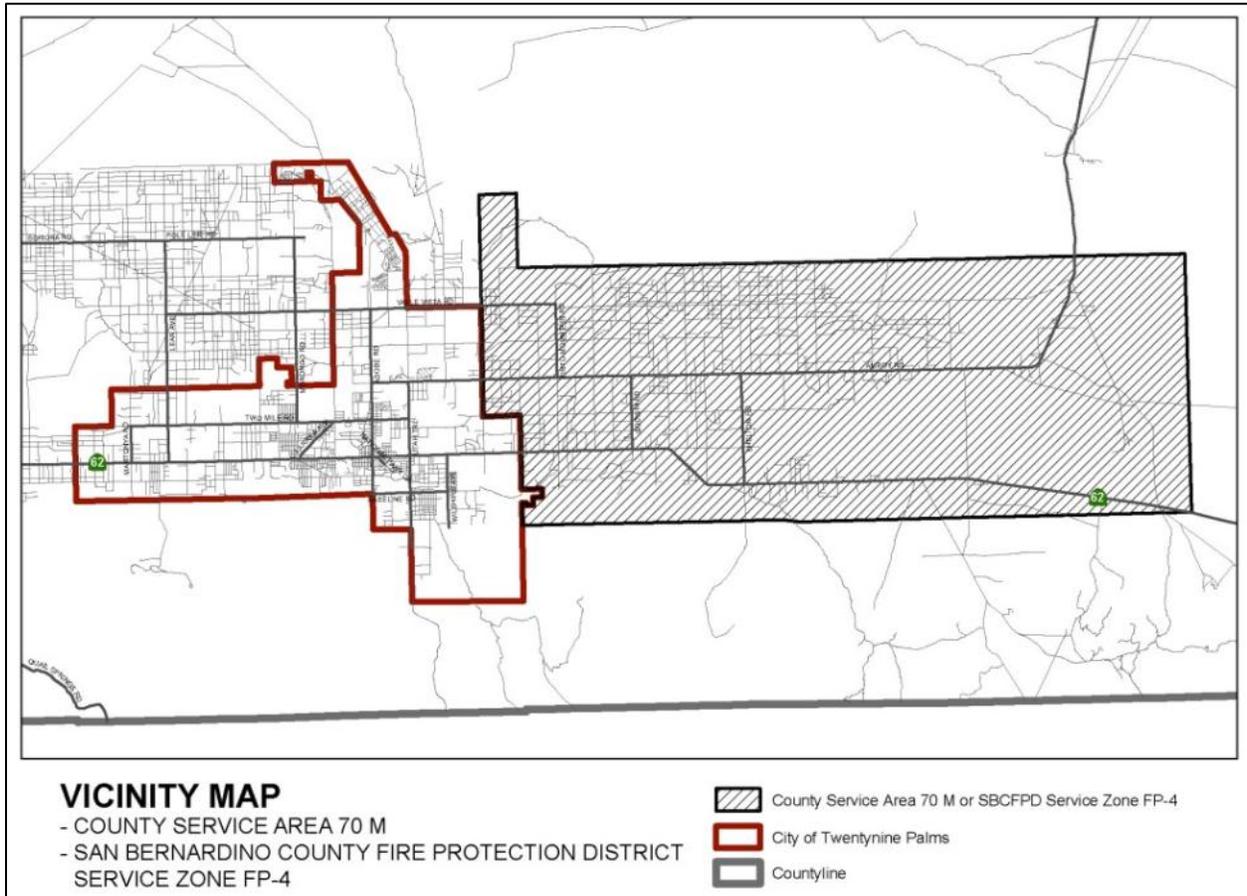
The Wonder Valley community generally extends a few miles easterly past Amboy Road and is bordered on the south by the Joshua Tree National Park. As shown on the map above, the Wonder Valley community is generally defined by the boundaries of the two overlaying service providers - County Service Area 70 Zone M for roads and park and recreation and San Bernardino County Fire Protection District ("County Fire") Zone FP-4 for fire protection. Service Reviews are provided for these agencies, as well as County Service Area 70 Zone TV-4 (television).

## COUNTY SERVICE AREA 70 ZONE M (WONDER VALLEY) Service Review

### INTRODUCTION:

County Service Area 70 Zone M (“CSA 70 M”) provides road and park and recreation services to the Wonder Valley community. Zones to county service areas are not under the purview of the Commission; however, information was obtained to provide the Commission and the public an outline of the broad range of municipal-type services provided within the community. Only information related to a service review for CSA 70 M is provided in this report. In addition, there is no sphere of influence assignment for a zone to a county service area.

CSA 70 M was formed in 1972 by action of the County of San Bernardino Board of Supervisors at the request of landowners for the provision of road services. In 1991, the Board of Supervisors added park and recreation as a service and detached the area from the Twentynine Palms Recreation and Park District to consolidate service into a regionally designated service provider. A map showing CSA 70 M is shown below and is included as a part of Attachment #6.



## ***CSA 70 ZONE M SERVICE REVIEW***

LAFCO has no direct jurisdiction over CSA 70 M; therefore, there is no sphere of influence designation. This report contains only service review information. The County Special Districts Department, administrators for board-governed special districts, prepared a service review consistent with San Bernardino LAFCO policies and procedures. The Department's response on behalf of CSA 70 M to LAFCO's original and updated requests for materials includes, but is not limited to, formation and financial information. The information submitted is included as a part of Attachment #6 and are incorporated in the information below.

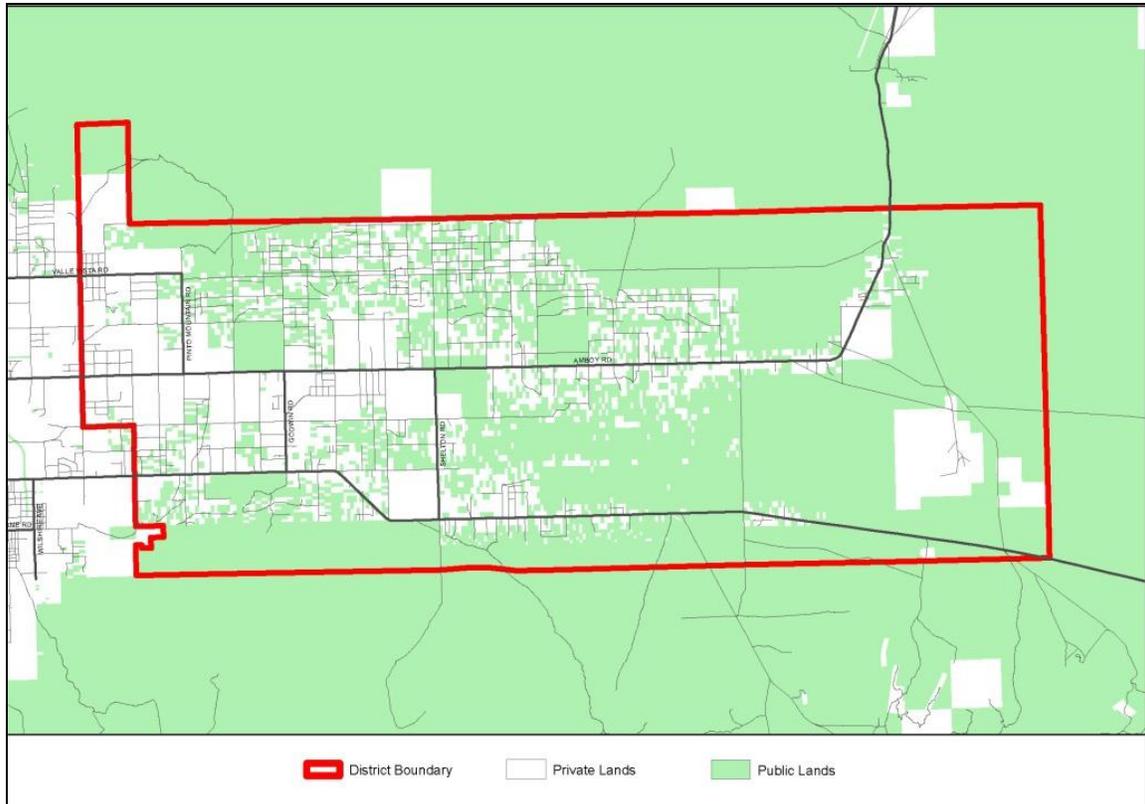
### **I. Growth and population projections for the affected area.**

#### **Land Ownership**

The land ownership distribution and breakdown within the District's boundary is identified on the map below. Roughly 36% of the land is privately owned and the remainder, 54%, is public, which are devoted primarily to resource protection and recreational use.

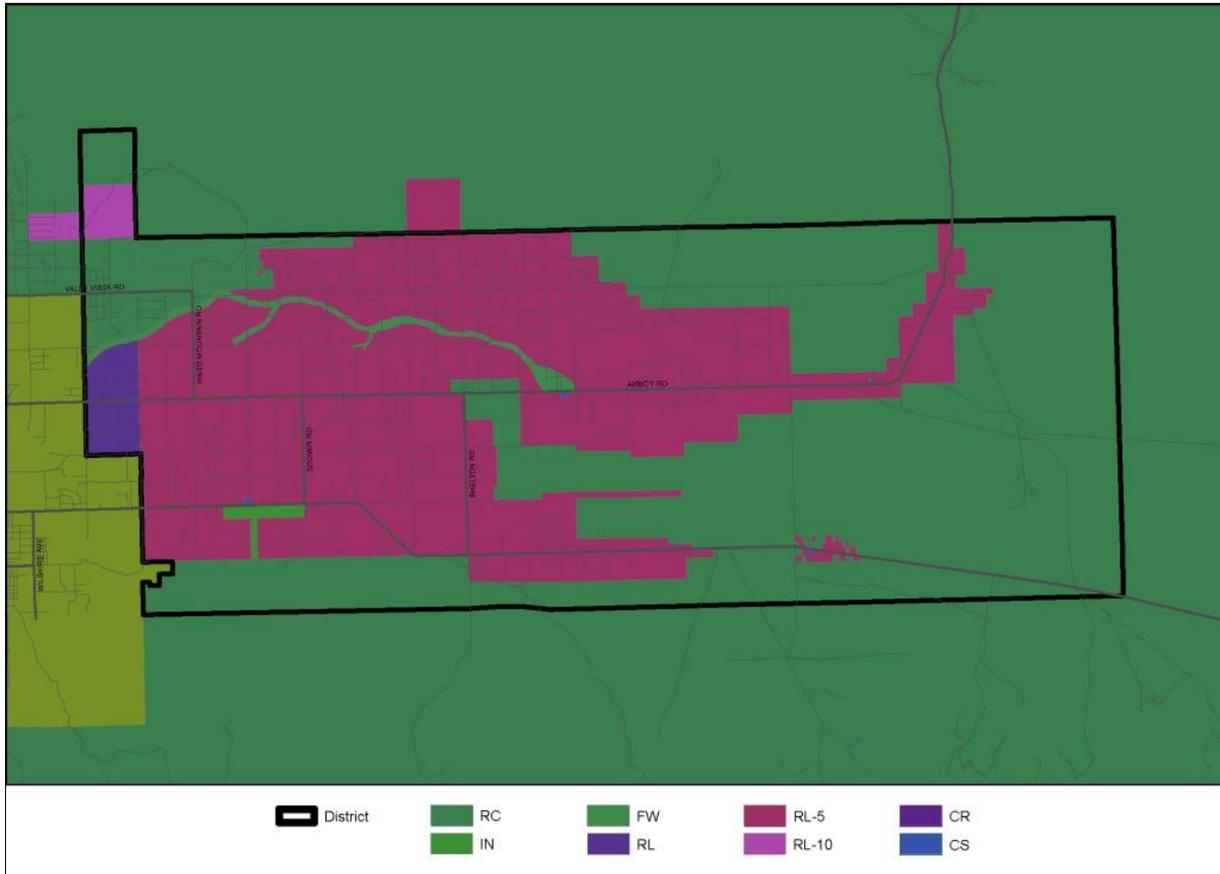
#### **Land Ownership Breakdown (in Acres) Within CSA 70 Zone M**

<b>Ownership Type</b>	<b>Boundary</b>
Private	30,489
Public Lands – Federal (BLM), State, & others	54,437
<b>Total</b>	<b>84,926</b>



### Land Use

Below is a map that identifies the County of San Bernardino's land use designations within the study area.



**County's General Plan Land Use Districts (In Acres)  
 Within CSA 70 Zone M**

Land Use	Boundary
Resource Conservation (RC)	44,664
Rural Living (RL)	1,251
RL-5	37,196
RL-10	643
Floodway (FW)	834
Rural Commercial (CR)	2
Service Commercial (CS)	34
Institutional (IN)	303
<b>Total</b>	<b>84,926</b>

Within the study area, approximately 53% is designated Resource Conservation (comprising mostly of the BLM lands) and 46% Rural Living. The remainder 1% is a mix of Floodway, Commercial, and Institutional land uses.

Population Projections

In 2000, the population within CSA 70 M’s boundaries was 1,011. Based on the 2010 Census, the current population for the area is 983. This represented an average annual growth rate of approximately -0.3 percent within the given period.

The projected growth for CSA 70 M’s boundaries was calculated utilizing a combination of the growth rates identified in the Regional Council of the Southern California Association of Governments (SCAG) Draft 2012 Regional Transportation Plan (RTP) Integrated Growth Forecast for the County’s unincorporated area for the given periods and the use of average annual growth rate. By 2040, the population within CSA 70 M is estimated to reach 1,347. This represents a projected annual growth rate of approximately 1.1 percent between 2010 and 2040, which also represents a total population increase of 37 percent from 2010.

**Population Projection 2010-2040  
 Within County Service Area 70 M**

Census		Population Projection					
2000	2010	2015	2020	2025	2030	2035	2040
1,011 <sup>62</sup>	983 <sup>63</sup>	999 <sup>64</sup>	1,016	1,090 <sup>65</sup>	1,170	1,255	1,347

**II. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

This determination does not apply to the service review for Zone M since there is no sphere of influence assignment for a zone to a county service area. However, this area is reviewed in the discussions for the City of Twentynine Palms and the Twentynine Palms Water District as it does meet the criteria defined by law for a disadvantaged unincorporated community.

**III. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs and deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

There are no studies or plans for CSA 70 M to reference for this review; however, the County’s Special Districts Department provided the following information.

<sup>62</sup> 2000 population data was derived from the 2000 Census for CSA 70 M area.

<sup>63</sup> 2010 population data was derived from the 2010 Census for CSA 70 M area.

<sup>64</sup> 2015 and 2020 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG’s 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the unincorporated County area between 2010 and 2020 data.

<sup>65</sup> 2025, 2030, 2035 and 2040 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG’s 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the unincorporated County area between 2020 and 2035 data.

### Parks and Recreation

The park operations of CSA 70M were established in July 1991 by the County Board of Supervisors. CSA 70 M operates one park, encompassing about 10 acres. At that site, the Wonder Valley Community Center is roughly 4,100 square feet and the park play area is roughly 16,000 square feet. The park area contains children's play equipment, picnic tables, BBQ facilities, basketball court, and walking trail. Special Districts Department has indicated that there are no plans for expansion at this time.

Special District Department plans to repave the Community Center in summer 2012.<sup>66</sup>

### Roads

Roads within the boundaries of CSA 70M are unpaved. Primary roads are graded approximately every two to four weeks depending on use or weather. Secondary roads are graded every four to six weeks. The remaining roads are graded for emergency repair or when requested.

Primary roads include portions of Barbara Lane, Blower Road, Godwin Road, Eddie Albert, Gammell Road, Meriweather, Naborly, Parker, Pipeline Road, Shadow Mountain Road, Shelton Road, Star Lane, and Falderman. Secondary roads include portions of Cactus Jack, Brown Road, Via Arenosa, Eddie Albert, Carey Road, El Paseo, Indian Trail, Mesa Drive, Thompson Road, Two Mile Road, Steeg Road, and Valle Vista.

## **IV. Financial ability of agencies to provide services.**

CSA 70 M utilizes the County Special Districts Department for management of its operations and transfers a proportional share to CSA 70 Countywide for salaries and benefits and services and supplies support.

### Parks and Recreation

The park budget identifies the following activities which have had significant changes from the prior year:

- Staffing expenses of \$11,577 funds 1 public service employee position. The increase of \$2,048 is due to additional hours for park maintenance projects.
- Operating expenses of \$52,063 include costs for utilities, maintenance, vehicle charges, insurance, administrative support, and COWCAP charges. The increase of \$6,145 is primarily due to increased cost of general maintenance and utilities.
- Contingencies of \$81,235 are decreasing by \$8,765 due to reduced departmental revenue.

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<sup>66</sup> Unger, Rebecca. "Wonder Valley gets to keep Javier". *The Desert Trail*. 25 April 2012.

- Departmental revenue of \$54,929 primarily represents service charges, park program fees, concessions and rent, interest earnings, and miscellaneous revenue and is decreasing by \$3,598 based on projected revenue.

Typically, park services are non-enterprise activities. However, park service revenues were added to CSA 70M in 1991 when it acquired territory through detachment from the Twentynine Palms Recreation and Park District (LAFCO 2636). At that time, the County transferred a share of the one percent ad valorem property tax from the Park District to CSA 70M to continue provision of park and recreation services.<sup>67</sup> According to County Fire's response to the draft for this staff report, FY 1995-96 was the last year that the park function received property tax revenue. Additionally, during the processing of LAFCO 3000 in 2007 the County Administrative Office and County Fire Department both identified that CSA 70M's property tax share was supporting its fire function (identified as \$147,000 for FY 2007-08). Therefore, whereas the last year of property tax receipt for the park function has been identified, it is still unclear as to why the park function stopped receiving property tax revenue, even though four years earlier the County transferred a property tax share to the park function to continue park services.

Data made available during the processing of LAFCO 3000 identifies that CSA 70M's property tax share from FY 2004-05 to FY 2007-08 totaled \$583,507. Per LAFCO 3000, effective July 2008, the existing property tax share was transferred to County Fire's South Desert Service Zone and the CSA 70M special tax for fire was transferred to County Fire's Zone FP-4.

Lacking a share of the property tax, the non-enterprise park activities are funded by a \$10 per parcel service charge, fees, concessions, and rent. Of concern is that the \$10 service charge is a flat charge and does not include an inflation factor. Further, the park activity of CSA 70M does have a capital improvement plan for FY 2011-12; therefore, it is inferred that improvements are completed as needed with operating funds.

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<sup>67</sup> County Board Resolution 90-458-A-1, 3 December 1990.

**CSA 70 Zone M Financial Activity (Parks)**

	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2010-11 Final Budget	2011-12 Adopted Budget
<b>Appropriation</b>						
Staffing Expenses	11,620	9,502	7,366	9,482	9,529	11,577
Operating Expenses	46,862	67,033	41,782	45,918	45,918	52,063
Capital Expenditures	0	0	0	0	0	0
Contingencies	0	0	0	0	90,000	81,235
Total Exp Authority	58,482	76,535	49,148	55,400	145,447	144,875
Reimbursements	0	0	0	0	0	0
Total Appropriation	58,482	76,535	49,148	55,400	145,447	144,875
Operating Transfers Out	0	0	0	0	0	0
Total Requirements	58,482	76,535	49,148	55,400	145,447	144,875
<b>Departmental Revenue</b>						
Taxes	0	0	0	0	0	0
Realignment	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	70	0	0
Fee/Rate	54,425	47,395	46,514	48,190	48,261	44,731
Other Revenue	5,097	11,441	10,557	10,376	10,266	10,198
Total Revenue	59,522	58,836	57,071	58,637	58,527	54,929
Operating Transfers In	0	0	0	0	0	0
Total Sources	59,522	58,836	57,071	58,637	58,527	54,929
				Fund Balance	86,920	89,946
				Budgeted Staffing	1	1

Roads

Road services are funded through an annual \$15 service charge per parcel. Of concern is that the \$15 service charge is a flat charge and does not include an inflation factor. The road budget identifies the following activities which have had significant changes from the prior year:

- Staffing expenses of \$53,582 fund 1 public service employee and are increasing by \$30,322 due to an increase in hours for winter 2011 storm damage repairs.
- Operating expenses of \$81,564 represent road maintenance, other costs, and transfers for salaries and benefits and services and supplies support from CSA 70 Countywide. The increase of \$10,489 is due to reimbursements to CSA 70 Countywide for shared positions.
- Contingencies of \$24,380 are decreasing by \$61,531 to fund current year operations and due to less available fund balance.
- Departmental revenue of \$73,657 represents service charges and interest revenue and is increasing by \$596 based on projected revenue.

**CSA 70 Zone M Financial Activity (Roads)**

	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2010-11 Final Budget	2011-12 Adopted Budget
<b>Appropriation</b>						
Staffing Expenses	54,005	73,220	73,974	23,148	23,260	53,582
Operating Expenses	60,472	69,490	63,067	71,075	71,075	81,564
Capital Expenditures	0	0	0	0	0	0
Contingencies	0	0	0	0	85,911	24,380
Total Exp Authority	114,477	142,710	137,041	94,223	180,246	159,526
Reimbursements	(36,463)	(104,946)	(42,016)	0	0	0
Total Appropriation	78,014	37,764	95,025	94,223	180,246	159,526
Operating Transfers Out	0	0	0	0	0	0
Total Requirements	78,014	37,764	95,025	94,223	180,246	159,526
<b>Departmental Revenue</b>						
Taxes	0	0	0	0	0	0
Realignment	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0
Fee/Rate	75,692	61,734	71,069	72,257	72,256	73,057
Other Revenue	3,877	31,221	1,591	881	805	600
Total Revenue	79,569	92,955	72,660	73,138	73,061	73,657
Operating Transfers In	0	0	0	0	0	0
Total Sources	79,569	92,955	72,660	73,138	73,061	73,657
				Fund Balance	107,185	85,869
				Budgeted Staffing	1	1

Property Taxes and Special Assessments

The budget chart above identifies that CSA 70 M does not receive any property taxes or assessments. However, a review of the financial statements and the County's Tax Rate publication identifies otherwise. As identified in the Audit for FY 2009-10, CSA 70 M received \$6,791 as property taxes and \$109,186 from special assessments for bond repayment.

However, as stated, CSA 70 M does not receive revenues from taxes. The flow of taxes, assessments, and charges is not transparent, and LAFCO staff recommends that the County indicate in its budgets the receipt of property taxes, standby charges, and assessments. The County Special Districts Department has responded to previous service review staff reports and states that it is in the process of implementing a budgeting/fiscal process to deposit these revenues directly into the operating account to provide for a clear understanding of the revenues attributable to the agency for service delivery.

Parcel tax issue

Parcel 0592-021-19 was historically charged the County Fire FP-4 special tax and CSA 70 Zone M service charges for park and roads, even though it is in the Twentynine Palms Water District (which does fire) and the City (which does parks and roads). This area was annexed to the District through LAFCO 2805, and that action removed the area from the County Service Area 70 Zone M (predecessor agency for Wonder Valley fire). The action was memorialized through a State Board of Equalization (BOE) "Statement of Boundary

Change". This statement was forwarded by the BOE to the County Assessor for implementation. The tax rate area code (19016) indicates that the parcel is in the City and not within CSA 70, County Fire, or any of their zones. As a part of this service review process, County Fire and the District were informed of this issue.

The County Special Districts Department has notified LAFCO staff that the circumstance has been corrected, the sole parcel has been removed from the CSA 70 Zone M and County Fire Zone FP-4 listings, and that a refund will be issued to the property owner of the tax payments in error. Additionally, Special Districts Department indicates that the assessment listings for CSA 70 M and Fire Protection Zone FP-4 will be audited this year to verify their accuracy.

#### Appropriation Limit

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the district is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. Furthermore, Section 5 of Article XIII B allows the district to designate a portion of the fund balance of general contingencies to be used in future years without limitation.

By action taken on June 28, 2011 the Board of Supervisors of the County of San Bernardino set the appropriation limit for CSA 70 M at \$69,735 (parks) and \$181,963 (roads). However, the financial statements included do not identify if the district exceeds its appropriations limit or designates a portion of the fund balance of general contingencies to be used in future years. Furthermore, CSA 70 M neither receives a share of the general levy nor charges a special tax. Therefore, an appropriations limit does apply for CSA 70M.

#### **V. Status of, and opportunities for, shared facilities.**

The Special Districts Department consolidates the administrative operations and facilities for county service areas and improvement zones under the auspices of CSA 70.

#### **VI. Accountability for community service needs, including governmental structure and operational efficiencies.**

##### *Local Government Structure and Community Service Needs*

CSA 70 M is governed by the County Board of Supervisors and administered by the County Special Districts Department; it is within the political boundaries of the Third Supervisorial District. CSA 70 M's budgets are prepared as a part of the County Special Districts Department's annual budgeting process. The annual budget is presented to the County Administrative Office and Board of Supervisors for review and approval. The district utilizes

a Board-appointed Advisory Commission and uses the Wonder Valley Community Center for meetings.

### *Operational Efficiency*

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services provided under County Service Area 70. Therefore, CSA 70 M has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it and pays a proportional cost of the administrative functions of the County Special Districts Department.

Government Code Section 26909 allows a special district to conduct a biennial audit, conduct an audit covering a five-year period, or replace the annual audit with a financial review if certain conditions are met. This board-governed agency meets the conditions for one if not all of the above. Therefore, this agency has the potential to realize cost savings should it choose to undertake the necessary steps outlined in state law. This possibility would need to be discussed and decided between the County, its departments and the landowners and voters within the agency to maintain transparency.

### *Government Structure Options*

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>68</sup>. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

In some cases, functional consolidation or integration can reduce costs so that services can be maintained and improved with fewer dollars. The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical, yet possible, scenarios for the community to consider for the future. Movement towards these scenarios would include, but not be limited to, the preparation of a plan for service, fiscal impact analysis, and any other studies deemed necessary.

- Expansion of CSA 70 M. The zone could expand to include additional territory. However, the areas to the north, east, and south are predominantly public lands which would not benefit from the services available from the agency. Therefore, there is no opportunity for this type of change.

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<sup>68</sup> State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

- One Road County Service Area for the South Desert. Previous LAFCO service reviews have identified that county service areas and zones to county service areas experience financial challenges as they deal with extremely varied sources of revenue. Further, the disjointed response to service demands has resulted in an abundance of financially challenged, scattered road agencies that have the same County governance and administrative structure. In the mountain region, consideration is underway to combine all County-governed road agencies into a single road agency for the reasons stated above. A single road agency to administer the numerous and scattered road agencies for this region could also provide efficiencies while still providing unique localized service.

### **CONCLUSION:**

Staff is recommending that the Commission make the following recommendation for Zone M and that follow-up be submitted verifying the implementation of these recommendations:

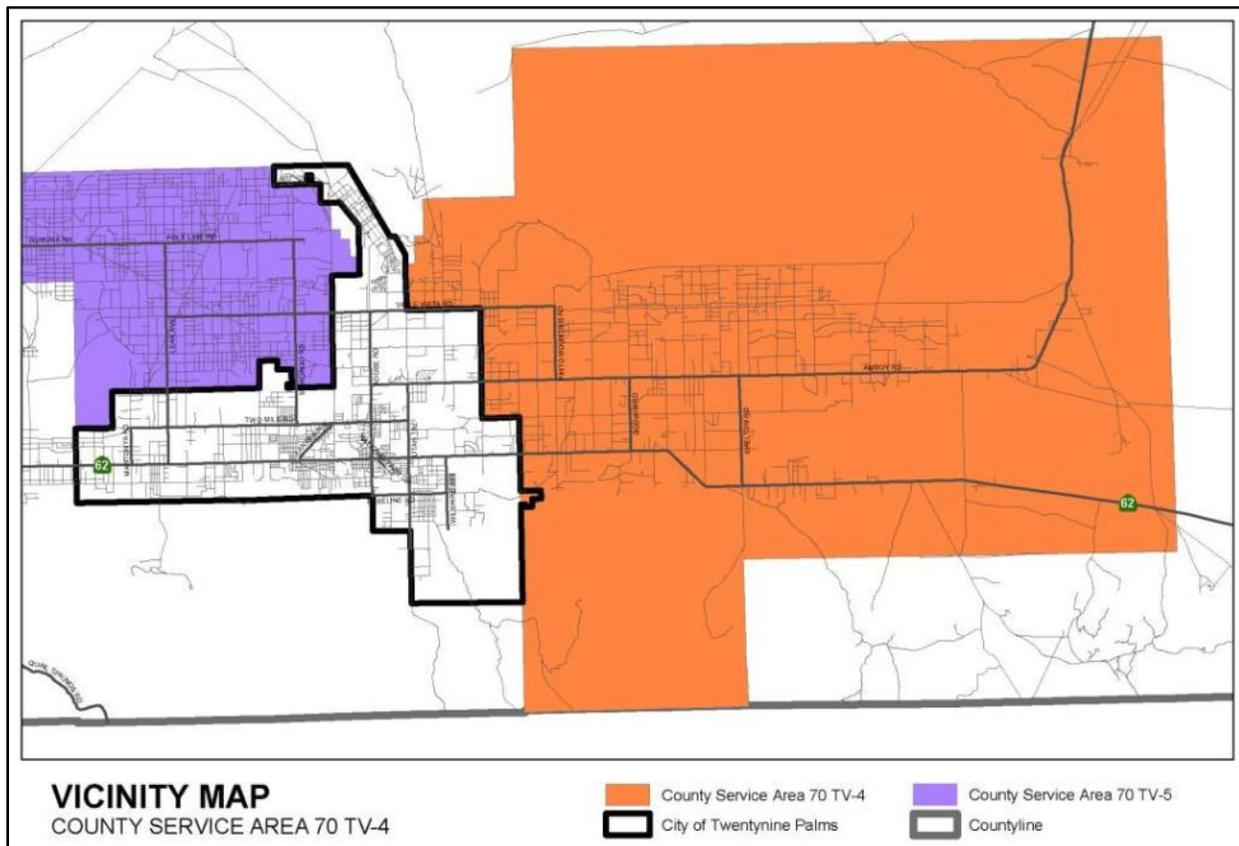
- That the County remove the appropriation limit for CSA 70M since it neither receives a share of the 1% general ad valorem tax levy nor a special tax.

## COUNTY SERVICE AREA 70 ZONE TV-4 (Wonder Valley) Service Review

### INTRODUCTION:

County Service Area 70 Zone TV-4 (hereafter shown as “Zone TV-4”) provides ultra-high frequency (UHF) television translator service to approximately 2,000 households. Material was submitted to provide information to the Commission and the public of the broad range of municipal-type services provided within the community. Zone TV-4 is not under LAFCO purview and has no sphere of influence, therefore only information related to a service review is provided for this report.

Zone TV-4 was formed in 1995 by action of the County of San Bernardino Board of Supervisors and approved by the electorate serving a regional function. A special tax and appropriations limit election was held for the purpose of providing funds and expenditure authorization for the service. The tax is levied at a rate of \$5 per year per improved parcel on 4,885 parcels. Zone TV-4 provides eight UHF channels of translator service broadcast from Pinto Mountain for the benefit of the Wonder Valley community. Zone TV-4 provides service to approximately 2,000 households. A map showing Zone TV-4 is shown below and is included as a part of Attachment #7.



## **CSA 70 ZONE TV-4 SERVICE REVIEW**

LAFCO has no direct jurisdiction over Zone TV-4; therefore, only service review information is provided. The County Special Districts Department, administrators for board-governed special districts, prepared a service review consistent with San Bernardino LAFCO policies and procedures. The Department's response on behalf of Zone TV-4 to LAFCO's original and updated requests for materials includes, but is not limited to, system and financial information. The information submitted is included as a part of Attachment #7 and are incorporated in the information below.

### **I. Growth and population projections for the affected area.**

In 2000, the population within Zone TV-4's boundaries was 1,190. Based on the 2010 Census, the current population for the area is 1,193. This represented an average annual growth rate of approximately 0.03 percent within the given period.

The projected growth for Zone TV-4's boundaries was calculated utilizing a combination of the growth rates identified in the Regional Council of the Southern California Association of Governments (SCAG) Draft 2012 Regional Transportation Plan (RTP) Integrated Growth Forecast for the County's unincorporated area for the given periods and the use of average annual growth rate. By 2040, the population within Zone TV-4 is estimated to reach 1,635. This represents a projected annual growth rate of approximately 1.1 percent between 2010 and 2040, which also represents a total population increase of 37 percent from 2010.

#### **Population Projection 2010-2040 Within CSA 70 Zone TV-4**

<b>Census</b>		<b>Population Projection</b>					
<b>2000</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>
1,190 <sup>69</sup>	1,193 <sup>70</sup>	1,213 <sup>71</sup>	1,233	1,323 <sup>72</sup>	1,420	1,523	1,635

### **II. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

This determination does not apply since there is no sphere of influence assignment for a zone to a county service area.

<sup>69</sup> 2000 population data was derived from the 2000 Census for CSA 70 TV-4 area.

<sup>70</sup> 2010 population data was derived from the 2010 Census for CSA 70 TV-4 area.

<sup>71</sup> 2015 and 2020 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG's 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the unincorporated County area between 2010 and 2020 data.

<sup>72</sup> 2025, 2030, 2035 and 2040 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG's 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the unincorporated County area between 2020 and 2035 data.

**III. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs and deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

This district provides eight channels of ultra high frequency (UHF) television translator service broadcast from Pinto Mountain, for the direct benefit of Wonder Valley. The service is funded by a special per parcel tax, which funds a part-time TV production assistant for community television, and a basic community television program service.

As of February 19, 2009, federal law requires that all full-power broadcast stations broadcast in digital format only. Zone TV-4 is not required to transition to digital since it broadcasts a low-power signal. The Federal Communications Commission has ruled that all low power TV districts are required to convert from analog to digital by September 15, 2015. All County Special Districts Department TV districts are in the process of securing new digital licenses for all stations currently administered in the districts.

Analog stations will be replaced by digital channels at a ratio of 1:4. Special Districts Department will attempt to maintain some analog service up to September 15, 2015, but will not continue to repair or purchase analog equipment after conversion to digital is complete. The projected completion date for full digital conversion is January 2013.

Although county service areas and its zones are authorized by its parent act to provide sewer, water and fire service, the portion of this determination related to sewers, water, and fire do not apply since there is no sphere of influence assignment for a zone to a county service area.

**IV. Financial ability of agencies to provide services.**

On July 11, 1995, the electorate of Zone TV-4 approved a special tax and appropriations limit authorizing a \$5 per improved parcel, per year charge to fund television services. It is important to note that this special tax does not have an inflation factor. Each year the County adopts a resolution for continuing the special tax that was previously approved by the voters.<sup>73</sup> Although the special tax is identified in the narrative introductory to Zone TV-4's budget, the budget charts identify its funding source as "Fee/Rate" (shown below). Further, the financial statements identify that in FY 2009-10 Zone TV-4 received \$1,438 in property taxes and \$22,714 in special assessments. The County Auditor's tax rate publication does not identify Zone TV-4 as receiving a share of the one percent ad valorem property tax. Therefore, LAFCO staff recommends that the County accurately identify the source of revenue (special tax) in its budgets and financial statements.

Expenditures consist of the annual salary and benefit share to County Service Area 70 and maintenance of the translator. Zone TV-4 utilizes the County Special Districts Department for management of its operations and transfers a proportional share to CSA 70 Countywide

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<sup>73</sup> Most recent annual adoption was adopted by the Board of Supervisors on 7 June 2011, Item 81.

for salaries and benefits and services and supplies support. The budget identifies the following activities which have had significant changes from the prior year:

- Operating expenses of \$41,593 primarily represent costs for maintenance and Administrative Support services. The increase of \$32,584 is primarily due to additional use of professional and specialized services.
- Contingencies of \$127,920 are decreasing by \$15,506 to fund current year operations.
- Departmental revenue of \$26,330 includes per parcel service charges and interest earnings and is decreasing by \$146 based on projected revenue.

	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2010-11 Final Budget	2011-12 Adopted Budget
<b>Appropriation</b>						
Staffing Expenses	1,825	0	0	0	0	0
Operating Expenses	15,511	15,130	8,951	9,008	9,009	41,593
Capital Expenditures	0	9,282	0	0	0	0
Contingencies	0	0	0	0	143,426	127,920
Total Exp Authority	17,336	24,412	8,951	9,008	152,435	169,513
Reimbursements	0	0	0	0	0	0
Total Appropriation	17,336	24,412	8,951	9,008	152,435	169,513
Operating Transfers Out	0	0	0	0	0	0
Total Requirements	17,336	24,412	8,951	9,008	152,435	169,513
<b>Departmental Revenue</b>						
Taxes	0	0	0	0	0	0
Realignment	0	0	0	0	0	0
State, Fed or Govt Aid	0	0	0	0	0	0
Fee/Rate	26,478	24,830	24,152	25,163	25,163	25,430
Other Revenue	5,039	1,902	50,976	1,377	1,313	900
Total Revenue	31,517	26,732	75,128	26,540	26,476	26,330
Operating Transfers In	0	0	0	0	0	0
Total Sources	31,517	26,732	75,128	26,540	26,476	26,330
				Fund Balance	125,959	143,183
				Budgeted Staffing	0	0

Although not budgeted in FY 2011/12, additional equipment for TV-4 will be purchased during the last quarter of FY 2011/12 to take advantage of a Department of Commerce – National Telecommunications and Information Administration Grant opportunity that provides up to \$25,000 per channel in reimbursement funds applied towards digital conversion expenses. It is estimated that TV-4 will receive \$50,000 in grant funds for this purchase. A third quarter budget adjustment will be requested to increase appropriations for the purchase of this equipment.

#### Appropriation Limit

An appropriation limit is required by Article XIII B of the State Constitution and limits the expenditure of the proceeds of taxes. By action taken on June 28, 2011 the Board of Supervisors of the County of San Bernardino established the preliminary appropriation limit for Zone TV-4 at \$85,771. Should Zone TV-4 utilize its Contingencies, it would exceed its appropriation limit. However, the financial statements included do not identify if the district

exceeds its appropriations limit or designates a portion of the fund balance of general contingencies to be used in future years.

#### **V. Status of, and opportunities for, shared facilities.**

The Special Districts Department consolidates the administrative operations and facilities for county service areas and improvement zones under the auspices of CSA 70. Additionally, the all the board-governed television districts share a TV Services Assistant and a fair share of the use of the position.

#### **VI. Accountability for community service needs, including governmental structure and operational efficiencies.**

##### *Local Government Structure and Community Service Needs*

Zone TV-4 is governed by the County Board of Supervisors and administered by the County Special Districts Department; it is within the political boundaries of the Third Supervisorial District. Zone TV-4's budgets are prepared as a part of the County Special Districts Department's annual budgeting process. The annual budget is presented to the County Executive Office and Board of Supervisors for review and approval. Zone TV-4 does not utilize an advisory commission or municipal advisory committee.

##### *Operational Efficiency*

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services provided under County Service Area 70. Therefore, Zone TV-4 has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it and pays a proportional cost of the administrative functions of the County Special Districts Department.

Government Code Section 26909 allows a special district to conduct a biennial audit, conduct an audit covering a five-year period, or replace the annual audit with a financial review if certain conditions are met. This board-governed agency meets the conditions for one if not all of the above. Therefore, this agency has the potential to realize cost savings should it choose to undertake the necessary steps outlined in state law. This possibility would need to be discussed and decided between the County, its departments and the landowners and voters within the agency to maintain transparency.

##### *Government Structure Options*

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;

2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

#### Out-of-Agency Service Agreements:

Direct service is not provided outside the boundaries of Zone TV-4; however, the translator signal can travel outside of its boundaries to areas where parcels do not pay the annual \$5 special tax.

#### Government Structure Options:

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>74</sup> and San Bernardino LAFCO has adopted these guidelines as its own. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

In some cases, functional consolidation or integration can reduce costs so that services can be maintained and improved with fewer dollars. The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical, yet possible, scenarios for the community to consider for the future. Movement towards these scenarios would include, but not be limited to, a plan for service, fiscal impact analysis, and any other required studies.

- Single county service area for TV translator service. This scenario would reorganize the two county service areas and three county service area zones into a single county service area that provides translator service. Normally, this option is not desirable since the distance between these districts is vast. However, a county service area need not have contiguous territory, according to County Service Area Law. One single-purpose county service area providing television translator service would reduce duplicative administration, budget, and audit costs. This is a viable option and one which is supported by LAFCO law.

#### **CONCLUSION:**

Staff is recommending that the Commission make the following recommendation for Zone TV-4 and that follow-up be submitted verifying the implementation of this recommendation:

Accurately identify the source of revenue (special tax) in its budgets and financial statements.

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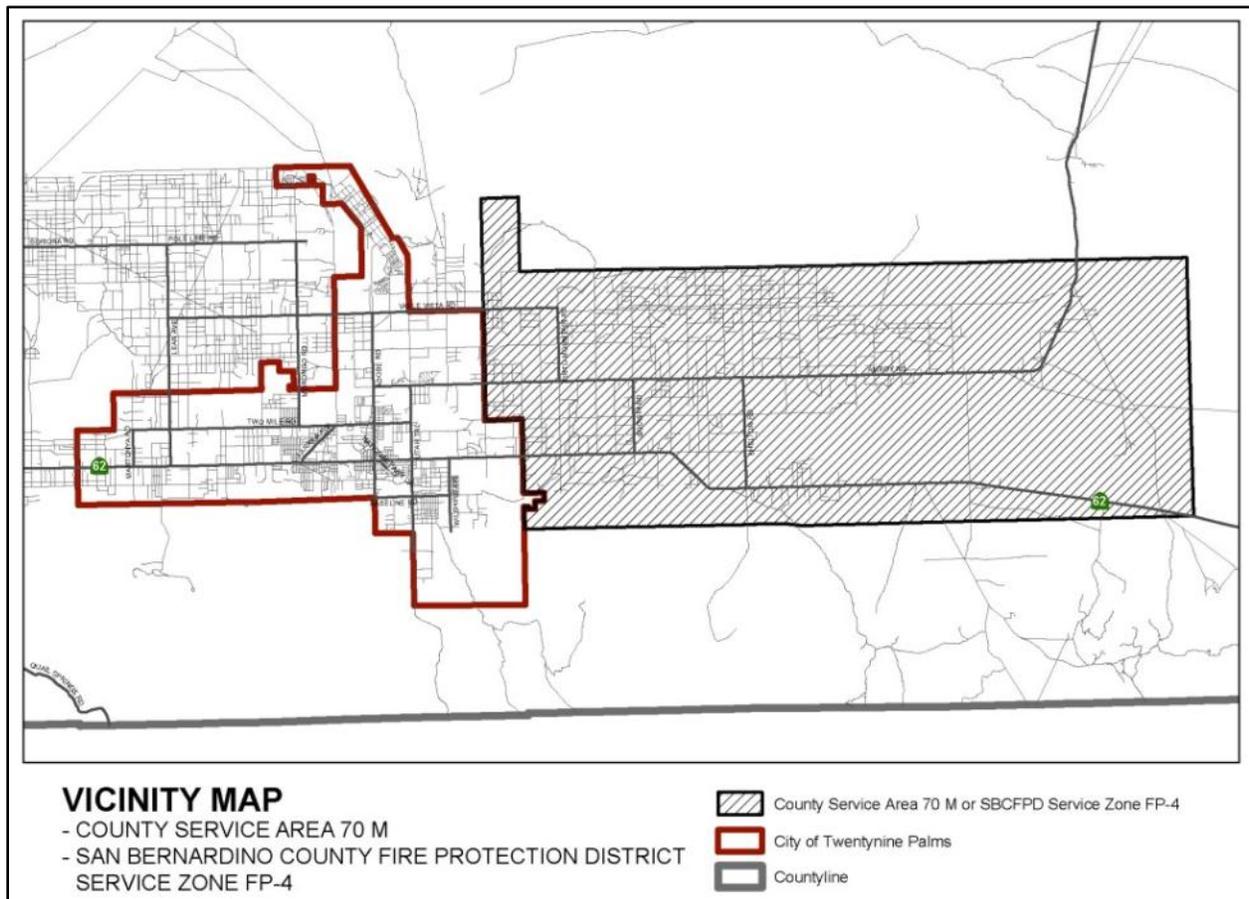
<sup>74</sup> State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

## SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT ZONE FP-4 (WONDER VALLEY) Service Review

### INTRODUCTION:

San Bernardino County Fire Protection District Zone FP-4 (“Zone FP-4”) provides augmented fire protection service to the Wonder Valley community. Zones to fire protection districts are not under the purview of the Commission; however, information was obtained to provide the Commission and the public an outline of the broad range of municipal-type services provided within the community. Only information related to a service review for Zone FP-4 is provided in this report. In addition, there is no sphere of influence assignment for a zone to a fire protection district.

The reorganization of the San Bernardino County Fire Protection District (LAFCO 3000), effective July 1, 2008, included the transfer of responsibility for fire services from County Service Area 70 Zone M (serving the Wonder Valley area) to the newly formed County Fire Zone FP-4 of the newly reorganized San Bernardino County Fire Protection District (“County Fire”). A map showing Zone FP-4 is shown below and is included as a part of Attachment #8.



**ZONE FP-4 SERVICE REVIEW**

LAFCO has no direct jurisdiction over Zone FP-4; therefore, there is no sphere of influence designation. This report contains only service review information. County Fire prepared a service review consistent with San Bernardino LAFCO policies and procedures. County Fire’s response on behalf of Zone FP-4 to LAFCO’s original and updated requests for materials includes, but is not limited to, formation and financial information. The information submitted is included as a part of Attachment #8 and are incorporated in the information below.

**I. Growth and population projections for the affected area.**

In 2000, the population within Zone FP-4’s boundaries was 1,011. Based on the 2010 Census, the current population for the area is 983. This represented an average annual growth rate of approximately -0.3 percent within the given period.

The projected growth for Zone FP-4’s boundaries was calculated utilizing a combination of the growth rates identified in the Regional Council of the Southern California Association of Governments (SCAG) Draft 2012 Regional Transportation Plan (RTP) Integrated Growth Forecast for the County’s unincorporated area for the given periods and the use of average annual growth rate. By 2040, the population within Zone FP-4 is estimated to reach 1,347. This represents a projected annual growth rate of approximately 1.1 percent between 2010 and 2040, which also represents a total population increase of 37 percent from 2010.

**Population Projection 2010-2040  
 Within SBCFPD Zone FP-4**

Census		Population Projection					
2000	2010	2015	2020	2025	2030	2035	2040
1,011 <sup>75</sup>	983 <sup>76</sup>	999 <sup>77</sup>	1,016	1,090 <sup>78</sup>	1,170	1,255	1,347

For land ownership and land use information related to Zone FP-4, please refer to the growth and population projections section of the Service Review for CSA 70 Zone M (page 148).

<sup>75</sup> 2000 population data was derived from the 2000 Census for SBCFPD Zone FP-4 area.

<sup>76</sup> 2010 population data was derived from the 2010 Census for SBCFPD Zone FP-4 area.

<sup>77</sup> 2015 and 2020 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG’s 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the unincorporated County area between 2010 and 2020 data.

<sup>78</sup> 2025, 2030, 2035 and 2040 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG’s 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the unincorporated County area between 2020 and 2035 data.

**II. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

This determination does not apply since there is no sphere of influence assignment for a zone to a fire protection district.

**III. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs and deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**

Fire protection and emergency medical response services in Wonder Valley were previously provided by CSA 70 Zone M through contract with CSA 38 until July 1, 2008, the effective date of the County Fire reorganization (LAFCO 3000). Since then, fire protection and emergency medical response services are provided by the board-governed San Bernardino County Fire Protection District (hereafter shown as County Fire) through its South Desert Service Zone and Zone FP-4. Administrative offices for the South Desert Service Zone are located in the Town of Yucca Valley.

For the Wonder Valley community, the following fire stations serve the area:

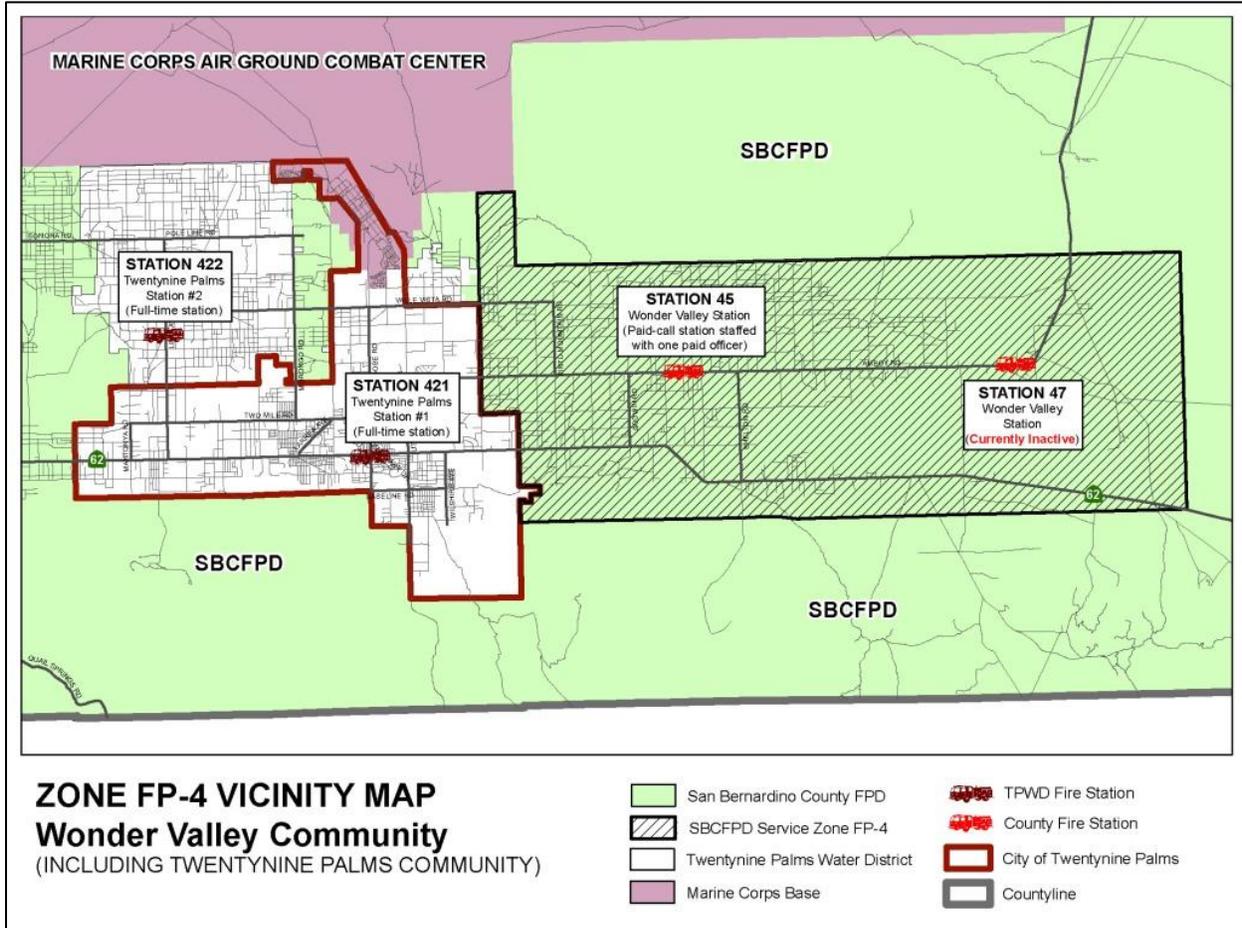
- Station 45 – 80526 Amboy Road (Wonder Valley Station 45)

This station is staffed with two paid-call firefighters augmented by paid call crews from the local community that houses one type I Engine and a Type IV Brush Patrol. County Fire states that Station 45 will soon be increasing the level of service to two limited-term firefighters (one of which will be paramedic qualified).

- Station 47 – 87670 Amboy Road (Wonder Valley Station 47)

This station is currently unmanned due to staffing shortages, but houses a water tender and mass casualty trailer that are utilized by personnel on incidents requiring those resources.

County Fire and its South Desert Service Zone have automatic and/or mutual aid agreements with the California Department of Forestry and Fire Protection - Station 14, National Park Service - Black Rock Interagency Fire Center, Twentynine Palms Water District (fire provider for the Twentynine Palms community), and the Marine Corps Air/Ground Combat Training Center - Combat Center Fire Department. Below is a map of the fire stations located within and around the area.



The charts below identify Zone FP-4's incident response categories and times since July 2009.

July 1, 2009 to June 30, 2010			
Category	Number of Calls	Response Time	
		Average	90%
Medical	132	14:30	15:48
Fire	13	25:26	39:45
Traffic	20	17:11	24:55
Other	35	17:48	23:57
<b>Total</b>	<b>200</b>		
July 1, 2010 to June 30, 2011			
Category	Number of Calls	Response Time	
		Average	90%
Medical	129	12:51	20:56
Fire	28	10:31	14:17
Traffic	15	13:49	21:37
Other	24	09:24	23:21
<b>Total</b>	<b>196</b>		
July 1, 2011 to January 31, 2012			
Category	Number of Calls	Response Time	
		Average	90%
Medical	67	0:12:34	0:19:16
Fire	15	0:13:39	0:20:11
Traffic	10	0:10:59	0:14:53
Other	14	0:15:11	0:28:50
<b>Total</b>	<b>106</b>		

Responses into the Twentynine Palms area have been nominal since July 2009, with 12 responses for traffic, two for medical, and two for fire. According to the Twentynine Palms Water District Fire Department, in 2011 Twentynine Palms Fire was requested 37 times to response east of its jurisdiction (Wonder Valley) with the majority of the responses being for traffic collisions and structure fires.

Although fire protection districts and its zones are authorized by its parent act to provide fire service, the portion of this determination related to fire does not apply since there is no sphere of influence assignment for a zone to a fire protection district.

**IV. Financial ability of agencies to provide services.**

**South Desert Service Zone**

Zone FP-4 utilizes County Fire and its South Desert Service Zone for management of its operations and transfers a proportional share to County Fire for salaries and benefits and services and supplies support. The South Desert Service Zone provides fire protection services and administration within its boundaries. The budget funds Limited Term Firefighters, a Paid Call Firefighter program and Administrative Staff. The FY 2011-12 South Desert Zone budget identifies the following budgeted positions:

<u>South Desert Regional Service Zone</u>	
1	Office Assistant II
1	District Services Coordinator
1	Staff Analyst
12	Firefighter
12	Limited Term Firefighter
28	PCF Firefighter
27	PCF Firefighter Trainee
9	Engineer
15	Captain
2	PCF Captain
3	PCF Lieutenant
1	PCF Admin Captain
1	Extra Help Emergency Services Officer

Beginning in 2011-12, based on GASB 54 requirements, this region will manage the Fire Protection Contract with the City of Needles; it will also record all the revenue and appropriation for all Fire Protection Zones (FP-4 Wonder Valley and FP-6 Havasu Lake) and ambulance operations (Yucca Valley Ambulance and Havasu Lake Ambulance) located within this region.

Staffing expenses of \$6,712,181 fund 113 budgeted positions of which 39 are regular positions and 74 are extra help. The increase of \$362,749 and 77 positions is due to the city contract for Needles being added to this budget unit from San Bernardino County Fire Protection District Administration and a change in the accounting for extra-help positions. Historically, budgeted extra-help positions have not been included in the budgeted staffing count.

Total revenue of \$7,449,259 includes property taxes, special assessment fees, ambulance service fees, city contract revenue, other revenue, and residual equity transfers in. The increase of \$2,002,076 is primarily due to the inclusion of the Needles fire service contract.

	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2010-11 Final Budget	2011-12 Adopted Budget
<b>Appropriation</b>						
Staffing Expenses	0	5,835,959	6,111,933	6,352,418	6,349,432	6,712,181
Operating Expenses	0	2,880,405	2,908,554	2,994,367	2,977,450	3,533,112
Capital Expenditures	0	109,229	32,024	206,753	187,263	408,253
Contingencies	0	0	0	0	0	432,981
Total Exp Authority	0	8,825,593	9,052,510	9,553,539	9,514,145	11,086,527
Reimbursements	0	(253,555)	(345,810)	(312,837)	(312,837)	(34,913)
Total Appropriation	0	8,572,038	8,706,700	9,240,702	9,201,308	11,051,614
Operating Transfers Out	0	6,000	0	0	0	0
Total Requirements	0	8,578,038	8,706,700	9,240,702	9,201,308	11,051,614
<b>Departmental Revenue</b>						
Taxes	0	6,074,353	5,872,331	5,253,453	5,189,255	5,418,397
Realignment	0	0	0	0	0	0
State, Fed or Gov't Aid	0	78,825	73,971	216,203	216,203	0
Fee/Rate	0	(60,474)	(63,036)	(54,143)	(54,143)	1,879,136
Other Revenue	0	1,018,008	89,848	96,675	95,868	151,726
Total Revenue	0	7,110,712	5,973,114	5,512,188	5,447,183	7,449,259
Operating Transfers In	0	2,081,442	3,102,913	2,129,211	2,129,211	3,244,079
Total Sources	0	9,192,154	9,076,027	7,641,399	7,576,394	10,693,338
				Fund Balance	1,624,914	358,276
				Budgeted Staffing	36	113

### Zone FP-4

In 2005, the voters approved a special fire tax of \$30 per parcel with an annual 1.5% cost of living increase, currently at \$31.84. As a part of the reorganization of County Fire effective July 2008, the existing property tax share was transferred to County Fire's South Desert Service Zone and the CSA 70M special tax for fire was transferred to County Fire's Zone FP-4.<sup>79</sup> The chart below shows the audited activity of the zone for the past two years.

### Balance Sheet

	2009-10 Audit	2010-11 Audit
Cash & cash equivalents	\$4,334	\$17,643
Interest receivable	371	64
Taxes receivable	6,019	0
<b>Total Assets</b>	<b>10,724</b>	<b>17,707</b>
Liabilities	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>
Restricted for public safety	0	17,707
(Unassigned) Undesignated	10,724	0
<b>Total Fund Balance</b>	<b>10,724</b>	<b>17,707</b>

<sup>79</sup> BOS Resolutions 08-116 & 08-131

**Revenues, Expenditures, and Change in Fund Balance**

	<b>2009-10 Audit</b>	<b>2010-11 Audit</b>
Property Taxes	\$4,538	\$5,811
Assessments	138,683	133,587
Interest	639	189
<b>Total Revenues</b>	<b>143,860</b>	<b>139,567</b>
Services & Supplies	144,913	132,584
<b>Total Expenditures</b>	<b>144,913</b>	<b>132,584</b>
<b>Net Change in Fund Balance</b>	<b>(1,053)</b>	<b>6,983</b>
<b>Total Fund Balance</b>	<b>10,724</b>	<b>17,707</b>

The County Fire audits for FY 2008-09, FY 2009-10, and FY 2010-11 identify the individual funds for the zones to County Fire. However, the FY 2011-12 budget aggregates the budgets for the zones into the respective regional zones. Without an individual annual budget for the zones, it is difficult to ascertain the budgeted activities and direction for the zones. This representation decreased transparency because Zone FP-4 is a unique entity, has a defined boundary, and levies a special tax which is to serve its taxpayers. A return to a separate budget for each zone would promote transparency as it would identify the ongoing and one-time funding and expenditure activities as well as provide an annual update of policy changes.

In response to the draft staff report, County Fire states that it is the position of County Fire that transparency and accountability are still intact since it maintains a detailed budget database which reflects each special assessment area and each station separately, reports can be provided upon request, and all funds are independently audited.

Appropriation Limit

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the district is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. Furthermore, Section 5 of Article XIII B allows the district to designate a portion of the fund balance of general contingencies to be used in future years without limitation.

By action taken on June 28, 2011 the Board of Supervisors of the County of San Bernardino set the appropriation limit for Zone FP-4 at \$446,243. However, the financial statements included do not identify if the district exceeds its appropriations limit or designates a portion of the fund balance of general contingencies to be used in future years.

### Parcel tax issue

Parcel 0592-021-19 was historically charged the County Fire FP-4 special tax and CSA 70 Zone M service charges for park and roads, even though it is in the Twentynine Palms Water District (which does fire) and the City (which does parks and roads). This area was annexed to the District through LAFCO 2805, and that action removed the area from the County Service Area 70 Zone M (predecessor agency for Wonder Valley fire). The action was memorialized through a State Board of Equalization (BOE) "Statement of Boundary Change". This statement was forwarded by the BOE to the County Assessor for implementation. The tax rate area code (19016) indicates that the parcel is in the City and not within CSA 70, County Fire, or any of their zones. As a part of this service review process, County Fire and the District were informed of this issue.

The County Special Districts Department has notified LAFCO staff that the circumstance has been corrected, the sole parcel has been removed from the CSA 70 Zone M and County Fire Zone FP-4 listings, and that a refund will be issued to the property owner of the tax payments in error. Additionally, Special Districts Department indicates that the assessment listings for CSA 70 M and Fire Protection Zone FP-4 will be audited this year to verify their accuracy.

### **V. Status of, and opportunities for, shared facilities.**

County Fire consolidates the administrative operations and facilities for its four service zones and its zones.

### **VI. Accountability for community service needs, including governmental structure and operational efficiencies.**

#### *Local Government Structure and Community Service Needs*

Zone FP-4 is governed by the County Board of Supervisors and administered by County Fire; it is within the political boundaries of the Third Supervisorial District. Zone FP-4's budgets are prepared as a part of County Fire's annual budgeting process. The annual budget is presented to the Board of Supervisors for review and approval.

#### *Operational Efficiency*

As a mechanism to control costs, County Fire has consolidated many of the administrative and technical functions necessary to manage the various zones under it and its four service zones. Therefore, Zone FP-4 has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it and pays a proportional cost of the administrative functions of County Fire and its South Desert Service Zone.

Zones to County Fire are included in the single County Fire audit, and a review of each zones' fund is identified separately.

County Fire has existing mutual aid agreements with the Twentynine Palms Water District (fire response) and the Marine Corps Air Ground Combat Center Fire Department (fire and medical response).

### *Government Structure Options*

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>80</sup>. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

In some cases, functional consolidation or integration can reduce costs so that services can be maintained and improved with fewer dollars. The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical, yet possible, scenarios for the community to consider for the future. Movement towards these scenarios would include, but not be limited to, the preparation of a plan for service, fiscal impact analysis, and any other studies deemed necessary.

- Expansion of Zone FP-4. The zone could expand to include additional territory. This would require that the landowners be included in the annual assessment.
- Twentynine Palms Water District as the fire provider in the Wonder Valley community. In this scenario, the Water District could expand its sphere of influence and annex the boundaries of Zone FP-4 of County Fire. The Water District would succeed to County Fire's assets to include the assessment of Zone FP-4 and become responsible for fire protection services to all of the Wonder Valley community. Benefits could be achieved as the region would elect a single board of directors, have local control of financial resources and determine the level of service to be provided. LAFCO staff has not received interest from any agency in exploring this option; therefore, this scenario is unlikely at this time.

### **CONCLUSION:**

Without an individual annual budget for the service zones to County Fire, it is difficult to ascertain the budgeted activities and direction for the service zones.

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<sup>80</sup> State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

## **ADDITIONAL DETERMINATIONS**

1. The Commission's Environmental Consultant, Tom Dodson and Associates, has recommended that the options outlined in this report for the various agencies are statutorily exempt from environmental review. Mr. Dodson's response for each of the reviews is included in their respective attachments to this report.
2. As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, the *Hi-Desert Star*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As outlined in Commission Policy #27, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.
3. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice. In addition, on April 4, 2012 LAFCO staff met with the community agencies and representatives to review the determinations and recommendations made within its draft report, to solicit comments on the determinations presented and to respond to any questions of the affected Bear Valley agencies.
4. Comments from landowners/registered voters and any affected agency will need to be reviewed and considered by the Commission in making its determinations.

## **RECOMMENDATIONS**

To complete the considerations for the Twentynine Palms and Wonder Valley Communities, staff recommends that the Commission take the following actions:

1. Determine to affirm the Commission's definition of the Twentynine Palms community, which is the sphere of influence of the Twentynine Palms Water District, with minor modifications recommended to be adopted at this hearing.
2. Receive and file the service reviews for the Twentynine Palms and Wonder Valley Community agencies; make the findings related to the service reviews for the City of Twentynine Palms, Twentynine Palms Water District, and Twentynine Palms Public Cemetery District required by Government Code 56430 as outlined in the staff report.
3. For environmental review certify that the sphere of influence expansions/reduction for the City of Twentynine Palms (LAFCO 3101), the sphere of influence reductions and the service description modifications for the Twentynine Palms Water District (LAFCO 3104), and the sphere of influence expansions/reduction and the service description modifications for the Twentynine Palms Public Cemetery District (LAFCO 3152) are statutorily exempt from environmental review and direct the Executive Officer to file the Notices of Exemption within five (5) days.
4. Approve the following:
  - a. For LAFCO 3101, approve the sphere of influence expansions and reduction for the City of Twentynine Palms, as identified in this report.
  - b. For LAFCO 3104, approve the sphere of influence reductions for the Twentynine Palms Water District and service description modifications to its authorized Fire Protection and Sewer functions, as identified in this report.
  - c. For LAFCO 3152, approve either a zero sphere of influence for the Twentynine Palms Public Cemetery District based upon financial and operational issues identified at this hearing, or a modified sphere of influence for the District, and service description modifications to its authorized Cemetery function, as identified in this report.

Staff requests that the Commission include as a condition the requirement that the District provide a response on the timeline to correct its lack of audits; provide the Commission with copies of adopted budgets and completed financial statements for the next five fiscal years; that the District provide copies of its audits and budgets to the County Auditor as required by law; and require that an appropriation limit be implemented for the agency within the next twelve months. In addition, staff requests that the Commission direct staff to provide biannual updates to the Commission until issues are resolved.

5. Direct the staff to prepare the resolutions reflecting the Commission's findings and determinations regarding the service review and sphere of influence updates for the Twentynine Palms community agencies and place their adoption as a consent item on the Commission's June 20, 2012 Hearing agenda.

## ATTACHMENTS

1. Maps
  - a. [LAFCO Defined South Desert Communities](#)
  - b. [Existing Boundaries for the Twentynine Palms and Wonder Valley Community Agencies](#)
2. City of Twentynine Palms
  - a. [Map – Current Boundary and Sphere](#)
  - b. [Map – LAFCO Staff Proposed Sphere Modifications](#)
  - c. [Service Review and Sphere Update Response](#)
  - d. [Financial Information: Budgets and Audit](#)
  - e. [Response from City](#)
  - f. [Response from Commission's Environmental Consultant](#)
3. Twentynine Palms Water District
  - a. [Map – Current Boundary and Sphere](#)
  - b. [Map – LAFCO Staff Proposed Sphere Modifications](#)
  - c. [Service Review and Sphere Update Response](#)
  - d. [Financial Information: Budget and Audit](#)
  - e. [Response from District's Finance Officer Regarding Fire Revenues](#)
  - f. [Response from Commission's Environmental Consultant](#)
4. Twentynine Palms Public Cemetery District
  - a. [Map – Current Boundary and Sphere](#)
  - b. [Map – LAFCO Staff Proposed Sphere Modifications](#)
  - c. [Service Review and Sphere Update Response](#)
  - d. [Financial Information: Budget and Audit](#)
  - e. [1977-78 County Tax Rate Publication](#)
  - f. [Response from Commission's Environmental Consultant](#)
5. County Service Area 70 Zone TV-5
  - a. [Map – Current Boundary](#)
  - b. [Financial Information: Budget and Audit](#)
6. County Service Area 70 Zone M
  - a. [Map – Current Boundary](#)
  - b. [Financial Information: Budget and Audit](#)
7. County Service Area 70 Zone TV-4
  - a. [Map – Current Boundary](#)
  - b. [Financial Information: Budget and Audit](#)
8. San Bernardino County Fire Protection District Zone FP-4
  - a. [Map – Current Boundary](#)
  - b. [Financial Information: Budget and Audit](#)
  - c. [Response to Draft Staff Report dated April 17, 2012](#)
9. [Staff Report Dated September 10, 2007 for LAFCO 3001 Municipal Service Review for Board Governed Fire Districts and Excerpts from the Staff Reports Related to LAFCO 3000 Regarding Transfer of CSA 70 Revenues from within Independent Unincorporated Fire Providers](#)