

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

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DATE: MARCH 6, 2008

FROM: SAMUEL MARTINEZ, LAFCO Analyst

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #5: LAFCO SC#321 – Hesperia Water District Agreement for Annexation and Provision of Utility Service No. EOS-2007-06 for Water and Sewer Service (Cambridge Homes)

INITIATED BY:

Hesperia Water District, on behalf of the property owner/developer

RECOMMENDATION:

1. For environmental review, take the following actions as a responsible agency:
 - Certify that the Commission, its staff, and its Environmental Consultant have independently reviewed and considered the environmental assessment and the Mitigated Negative Declaration prepared by the City of Hesperia for Tentative Tract 16591 to create 172 single-family residential lots on 46.2+/- acres, and found them to be adequate for Commission use;
 - Determine that the Commission does not intend to adopt alternatives or mitigation measures for this project; that all mitigation measures are the responsibility of the City of Hesperia and/or others, not the Commission, and are self-mitigating through the implementation of the adopted Conditions of Approval for the project; and,
 - Note that this proposal is exempt from Department of Fish and Game fees because the filing fee was the responsibility of the City of Hesperia, as CEQA lead agency, and direct the Clerk to file a Notice of Determination within five (5) days of this action.

2. Approve SC#321 authorizing the Hesperia Water District to extend water and sewer service outside its boundaries to Tentative Tract 16591, a 172-lot residential subdivision, on Assessor Parcel Numbers (APNs) 3046-101-59 and 60; and,
3. Adopt LAFCO Resolution #2995 setting forth the Commission’s findings, determinations and authorization of the agreement for service outside the Hesperia Water District’s boundaries.

BACKGROUND:

The Hesperia Water District (hereinafter the “Water District”), a subsidiary district of the City of Hesperia, has submitted an application for Commission review and authorization of the agreement that outlines the terms by which the Water District will extend water and sewer service outside its boundaries. The agreement relates to two (2) parcels, APNs 3046-101-59 and 60, which are contiguous to each other and are generally located at the southwest corner of Muscatel Street and Tamarisk Avenue. These parcels combined make up Tentative Tract (TT) 16591, a project approved by the city, which is located within the Water District’s central sphere of influence. These parcels are currently within the corporate boundaries of the City of Hesperia. Figure 1 below is a vicinity map of the site (Attachment #1 also provides a location and vicinity map of the project along with a map outlining the location of the existing water and sewer infrastructure facilities).

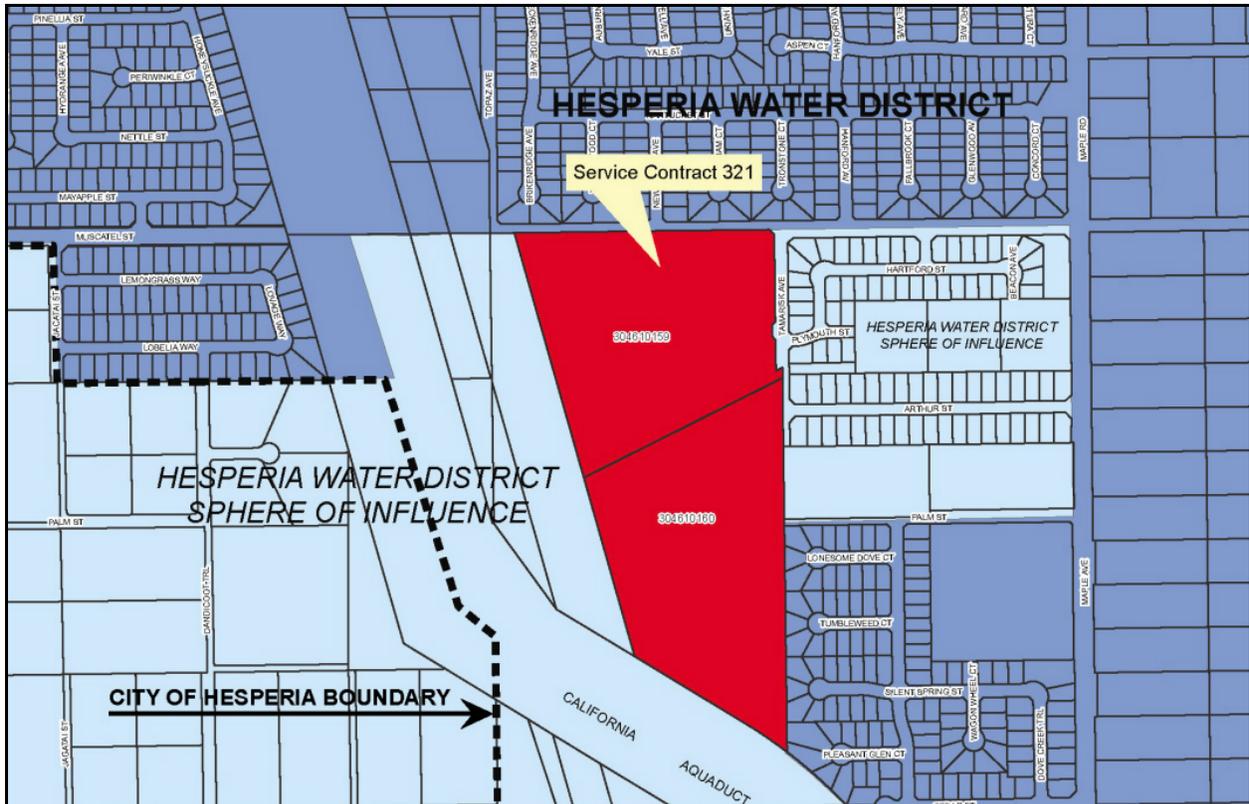


FIGURE 1

The property owner/developer, through the City of Hesperia's Planning Department, has processed TT 16591 - a development proposal which would create 172 residential units and two lettered lots on 46.2+/- acres. The proposed project was initially approved in 2003 and has had two (2) extensions filed on the project. The second extension given to the project is scheduled to expire on December 20, 2008. The Conditions of Approval placed upon this project include the requirement for connection to the Water District's water and sewer facilities. A copy of the Conditions of Approval is included as Attachment #3 to this report. Therefore, the Water District, on behalf of the property owner/developer, has requested that the Commission authorize the extension of service pursuant to the provisions of Government Code Section 56133. Authorization of this agreement is required before the Water District can take the final actions to implement the terms of the agreement.

As part of the discussion, it should be noted that the Water District has submitted to LAFCO a number of out-of-agency service agreements, including the ones identified below, which are in the general vicinity of LAFCO SC#321.

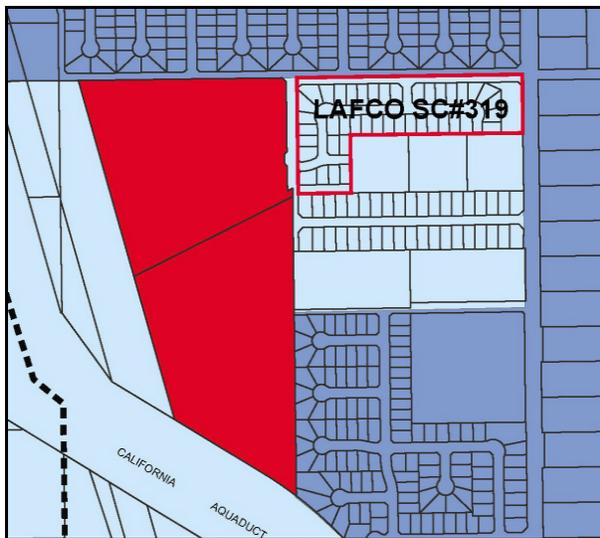


FIGURE 2

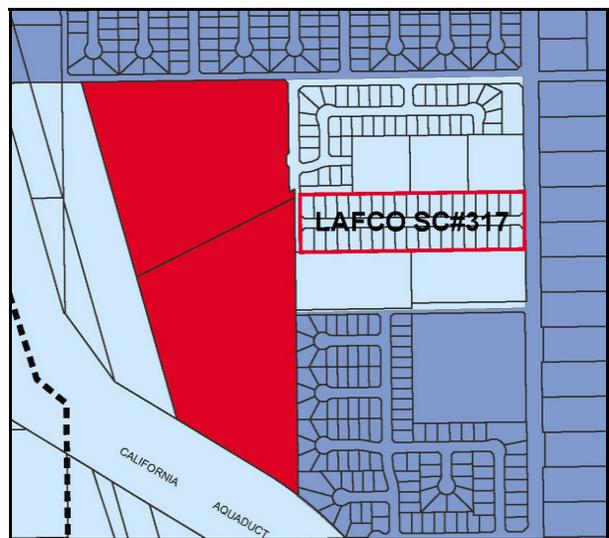


FIGURE 3

LAFCO SC #319 (outlined in Figure 2) is a service contract to provide water and sewer service to Tract 17117, which the Commission reviewed and authorized in September 2007. LAFCO SC #317 (outlined in Figure 3) is a service contract to provide water and sewer service to Tract 16553. However, due to issues related to the application materials that have been submitted, this proposal has not been processed by LAFCO.

Meanwhile, the Water District is contemplating annexing the area rather than pursuing multiple service contracts. The proposed annexation being considered by the Water District not only includes the project site for LAFCO SC #317, but the entire strip of land generally between Maple Avenue and Topaz Road that is within the Water District's sphere of influence and currently within the City of Hesperia's

existing boundaries. The Water District has indicated its desire to annex the entire area not only to preclude the need for processing multiple out-of-agency service agreements within the area but to align the Water District’s boundaries with the City.

PLAN FOR SERVICE:

The application indicates that water service to the development will be provided through construction of an 8-inch water main in Tamarisk Avenue, to tie into the existing 8-inch water line in Arthur Street and the existing 12-inch water line in Muscatel Street. The Water District also requires that an 8-inch water main shall be installed within all interior streets of TT 16591. In addition, the application indicates that sewer service will be provided through construction of an 8-inch sewer main in Tamarisk Avenue (from the northern boundary of the Tract to Arthur Street) and across the frontage of the Tentative Tract in Muscatel Street. Also, the Water District requires that an 8-inch sewer main be installed within all interior streets of TT 16591.

Pursuant to the Commission’s application requirements for service contracts, information has been provided regarding all financial obligations for the extension of service outside the agency’s boundaries. The Water District has submitted an estimated cost of \$1,831,456 in water and sewer fees for the extension of service to TT 16591. Following is a table with a detailed calculation of the fees:

Water Connection Fee	\$4,736.00 x 172 units	\$814,592.00
Sewer Connection Fee (Victor Valley Wastewater Rec. Authority)	\$4,662.00 x 172 units	\$801,864.00
Sewer Connection Fee including Inspection Fee and Automation Surcharge Fee (Hesperia Water District)	\$1,250.00 x 172 units	\$215,000.00
TOTAL		\$1,831,456.00

In addition to the costs outlined above, the property owner/developer of the Tract will be responsible for the entire cost of the construction and installation of: 1) the 8-inch water main in Tamarisk Avenue (660 linear ft.); 2) the 8-inch water mains within all interior streets of TT 16591 (6,990 linear ft.); 3) the 8-inch sewer main in Tamarisk Avenue (660 linear ft.); 4) the 8-inch sewer main in Muscatel Street (1,200 linear ft.); and 5) the 8-inch sewer main within all interior streets of the TT 16591. The construction and installation of all water and sewer mains is estimated to cost approximately \$913,500 in current dollars.

The Water District has indicated that there is no rate difference for providing service outside the agency’s boundaries. Therefore, future users will be charged the normal in-District monthly rate for water and sewer service.

ENVIRONMENTAL DETERMINATION:

The Commission's Environmental Consultant, Tom Dodson and Associates, reviewed the City of Hesperia's environmental assessment that was prepared for TT 16591. Upon review of the document, Mr. Dodson has indicated that the City's Initial Study and Mitigated Negative Declaration are adequate for the Commission's use as a CEQA responsible agency.

CONCLUSION:

The development of TT 16591 requires that it receive water and sewer service from the Water District. In order for the project to proceed, the developer must show proof of his ability to connect to the Water District's water and sewer infrastructure - which is the Commission's authorization for the extension of service.

Staff has reviewed this request for the provision of water and sewer service by the Water District outside its boundaries against the criteria established by Commission policy and Government Code Section 56133. The parcels that make up TT 16591 are within the sphere of influence assigned the Water District and are anticipated to become a part of the Water District sometime in the future. Staff supports the Water District's request for authorization to provide water and sewer service to the proposed residential development since its facilities are adjacent and/or nearby the proposed development.

FINDINGS:

1. The project area relates to two (2) contiguous parcels, APNs 3046-101-59 and 60, generally located at the southwest corner of Muscatel Street and Tamarisk Avenue in the City of Hesperia. These parcels combined make up TT 16591, a development proposal to create 172 residential units and two (2) lettered lots within the sphere of influence assigned the Hesperia Water District and is anticipated to become a part of that Water District sometime in the future. The application requests authorization to receive water and sewer service from the Water District.
2. The Agreement to Annex and Provision for Utility Services was signed by the property owner/developer on April 11, 2007 and was subsequently approved by the Hesperia City Council acting as the Water District's ex-officio Board of Directors on June 21, 2007. This agreement, Hesperia Water District EOS-2007-06, is for the provision of water and sewer service to TT 16591. This contract will remain in force in perpetuity for TT 16591 or until such time as the area is annexed to the Water District.
3. The fees charged this project by the Water District for water and sewer service are identified as totaling \$1,831,456 (for a breakdown of fees, see table on page 4). Payment of these fees is required prior to connection to

the Water District's water and sewer facilities. In addition, the property owner/developer of the Tract will be responsible for the entire cost of the construction and installation of all water and sewer mains.

4. During the period from September 2003 to November 2003, the City of Hesperia prepared an environmental assessment for TT 16591, a development proposal to create 172 residential units and two (2) lettered lots on 46.2+/- acres. The City's assessment indicates that the proposal would not have a significant effect on the environment through its development under the Conditions of Approval for the proposed project.

LAFCO's Environmental Consultant, Tom Dodson and Associates, reviewed the City's Initial Study and the Mitigated Negative Declaration issued for the proposed project. Mr. Dodson's analysis has indicated that the City's Initial Study and Mitigated Negative Declaration are adequate for the Commission's use as a CEQA responsible agency. The Commission will not be adopting alternatives or mitigation measures for this development; all mitigation measures are the responsibility of the City and/or others, not the Commission, and are considered self-mitigating through the implementation of the Conditions of Approval. Attachment #4 provides a copy of Mr. Dodson's response and recommendation regarding the Commission's review and necessary actions to be taken.

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Attachments:

1. Vicinity Map and Map of the Contract Area
2. Hesperia Water District's Application and Contract
3. Conditions of Approval for TT 16591
4. Tom Dodson and Associates Response Including the City's Environmental Documents for TT 16591
5. Draft Resolution #2995