

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

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PROPOSAL NO.: LAFCO 3011

HEARING DATE: November 19, 2008

RESOLUTION NO. 3037

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3011 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE BARSTOW HEIGHTS COMMUNITY SERVICES DISTRICT (sphere reduction to a zero sphere of influence).

On motion of Commissioner ____, duly seconded by Commissioner ____, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, a service review mandated by Government Code 56430 and a sphere of influence update mandated by Government Code Section 56425 have been conducted by the Local Agency Formation Commission of the County of San Bernardino (hereinafter referred to as “the Commission”) in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and,

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, a public hearing by this Commission was called for October 15, 2008 at the time and place specified in the notice of public hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all plans and proposed changes of organization, objections and evidence which were made, presented, or filed; it received evidence as to whether the territory is inhabited or uninhabited, improved or unimproved; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, in evidence presented at the hearing;

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that this service review and sphere of influence update are statutorily exempt from CEQA and such exemption was adopted by this Commission on October 15, 2008. The Clerk was directed to file a Notice of Exemption within five working days of its adoption;

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WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence shall be reduced to a zero sphere of influence for Barstow Heights Community Services District (hereafter shown as the District) as depicted on the maps attached hereto as Exhibit "A" and "A-1"; and,

WHEREAS, the determinations required by Government Code Section 56430 and local Commission policy are included in the report prepared and submitted to the Commission dated October 7, 2008 and received and filed by the Commission on October 15, 2008, a complete copy of which is on file in the LAFCO office. The determinations of the Commission are:

1. Growth and population projections for the affected area:

According to the Southern California Association of Governments (SCAG), the 2000 population for the area was 1,862. Anticipated growth within the District is anticipated to be minimal. The vast majority of the area is assigned a San Bernardino County General Plan land use designation of RS-1 (Residential Single – minimum one acre lot size). The character of the District is rural with most of the parcels being either 2 ½ acre or 1 ¼ acre, and there is the potential for parcel splits. Utilizing the growth forecast for transportation analysis zones, as identified in the SCAG 2008 Regional Transportation Growth Forecast, the District's population projections are as follows:

2010 – 1,910	2025 – 2,294
2015 – 2,181	2030 – 2,528 (roughly one unit per acre)
2020 – 2,271	

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

The District owns two parks, Panamint Park and H Street Park. Panamint Park contains open fields and playground equipment that was purchased in 2005. H Street Park contains playground equipment, picnic tables, basketball court, and the District office. Recreation programs and services are not provided by the District or the City at these locations. The District does not have an adopted Park Master Plan to utilize for this report.

Although the District owns the parks, it does not actively provide park maintenance or upkeep. When Barstow Park and Recreation District was dissolved in 2004, the City succeeded to its contract with the Barstow Heights Community Services District. The impetus for the contract was that the area was overlain by two entities that performed park and recreation service, the CSD and the Park District. According to the District's general manager, the two agencies felt obligated to assist the taxpayers since two agencies received a share of the general property tax levy for park and recreation services. The agreement was a ten year contract for the Barstow Park and Recreation District to provide maintenance of the District's two parks at no cost. The City now performs this service and the contract is due to expire in 2010. City representatives have provided LAFCO with written confirmation that it intends to renew the contract before its expiration in 2010 to continue providing maintenance to the District's parks at no cost.

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The District's parks comprise approximately five acres. Pursuant to the Quimby Act, a minimum of three acres per thousand population should be dedicated for recreational and/or open space purposes. Utilizing the estimated 2000 population and total developed park acreage, the District is below the Quimby Act standard by approximately 0.5 acre.

3. Financial ability of agencies to provide services:

As shown in the chart below, the District's primary source of revenue is through its share of the general ad valorem tax levy, and it receives a small amount from investment earnings and service charges. Expenditures are limited to salaries and benefits and materials and services. Based on these revenues and expenditures, the District receives revenues in excess of expenditures each year. However, when capital purchases are necessary, the change in fund balance can be negative. As outlined above, the District does not pay for maintenance costs. If the District were to pay for the maintenance of its two parks, it would incur additional expenditures and begin to experience financial challenges.

General Fund Activity (before reconciliation)

Activity	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Revenues					
Property Taxes	\$42,536	\$45,387	\$56,736	60,000	60,000
Investment Earnings	1,579	2,140	3,700	4,000	4,000
Charges for Services	2,400	2,856	149	0	0
Other Revenue	0	0	3,120	0	0
Total Revenues	46,515	50,383	63,705	64,000	64,000
Expenditures					
Personnel	11,432	13,010	10,321	9,500	12,000
Materials and Services	17,648	16,863	15,244	19,680	28,000
Capital Outlay	66,095	120	15,100	28,820	40,000
Total Expenditures	95,175	29,993	40,665	58,000	80,000
Change in Balance	(48,660)	20,390	23,040	6,000	(16,000)
Fund Balance	\$139,925	160,315	183,355	* 189,355	** 173,355

sources: Audits for FY 2004-05 through FY 2006-07
Budgets for FY 2007-08 and FY 2008-09

* Year-end estimate

** Calculated by LAFCO staff

The District administered a road assessment district from 1988 (when it received funds for this service through the sale of bonds) until the bonds matured on September 2, 2006, two years earlier than the original bond issuance maturity date. The original bonds were for \$2,587,001.

4. Status of, and opportunities for, shared facilities:

The District does not expressly share its parks with the City of Barstow; however, the City does maintain the parks through contract and includes the parks on its listing of community parks.

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5. Accountability for community service needs, including governmental structure and operational efficiencies:

Local Government Structure and Accountability for Community Service Needs

The District is an independent, self-governed special district and its Board of Directors is comprised of five board members elected/appointed at large to four-year staggered terms. Within the past 10 years, there has been one election, which took place in 2007. The other members have been appointed rather than elected. The lack of elections can be attributed to the size of the District and number of residents and the need to eliminate the cost of conducting elections. Below is the composition of the current board, their positions, and terms of office:

Board Member	Title	Term
Carole Hammock	Director	2009
Stephen King	Director	2009
Dick Jacobs	President	2011
Barbara Kelley	Vice President	2011
Daryl Schemed	Director	2011

Board meetings are held at the Community Building on every fourth Monday at 6:00 p.m. Office hours are 8:30 a.m. - 12:30 p.m. every Tuesday, Wednesday, and Thursday. Once a year a newsletter is provided to residents. The District fulfills its legislative requirement of submitting its annual audits and budgets to the County Auditor. Staffing includes one general manager.

Article XIII B of the State Constitution (Gann Limit) mandates local government agencies to establish an appropriations limit, which is further acknowledged by Govt. Code § 61113. A review of the District's financial documents and confirmation from the District staff indicates that the District does not have nor has it ever adopted an appropriations limit. Without an appropriations limit, agencies are not authorized to expend the proceeds of taxes. Section 9 of this Article provides exemptions to the need for an appropriations limit; such as, subsection (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 12 ½ cents per \$100 of assessed value for the 1977-1978 fiscal year. However, the tax rate for the District for FY 1977-1978 was \$1.17 cents per \$100 of assessed value. Being over the 12 ½-cent tax rate, the District did not qualify for an exemption of the appropriations limit. Research by LAFCO staff does not indicate the District qualifies for any other exemption under Section 9. Therefore, the District falls within the requirements of Article XIII B of the State Constitution and must have an appropriations limit.

LAFCO staff notified the District Board and general manager of the requirement for an appropriation limit. The District at its September 29 meeting provided its verbal intent that it will look into the mechanism necessary to establish an appropriations limit to comply with the State Constitution.

Operational Efficiency

Operational efficiencies are realized through a joint agency practice with the City of Barstow. The City of Barstow provides maintenance for the two parks when it succeeded to the contract

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of the former Barstow Park and Recreation District. Risk management is provided by Special Districts Risk Management Authority (SDRMA) of the California Special Districts Association.

Government Structure Options

There are two types of government structure options:

Out-of-Agency Service Agreements:

The District does not provide service by contract outside of its boundaries. However, the City of Barstow provides maintenance to the two parks when it succeeded to the contract of the former Barstow Park and Recreation District. The City has provided LAFCO with written confirmation that it intends to renew the contract before its expiration in 2010.

Other Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Expansion of the District to encompass the whole of the Barstow Heights community. This area is less than one square mile and there is no evident benefit in doing so. Further, the area used to be in the boundaries of the former Barstow Park and Recreation District. When the former district dissolved, the City of Barstow became the successor agency for park services and the former district's share of the general ad valorem levy was transferred to the City.
- Dissolution of the District. It is important to note that LAFCO cannot initiate an annexation of the district territory to the city. Dissolution of the District could occur in one of three ways:
 - The City of Barstow could submit an application to annex the boundaries of the District. Such an application would be processed to include either the dissolution of the District or the establishment of the District as a subsidiary district of the City. In either case, the City becomes the agency responsible for park and recreation service. If the District becomes a subsidiary district of the City, then the revenues and taxes generated by the District would stay within its boundaries and they would have to be budgeted and accounted for separately. The City Council would then govern the subsidiary district as the ex-officio board of directors.
 - The District or an affected local agency, as defined by Gov Code Section 56014, could submit an application to dissolve the agency. The affected local agency would have to submit a plan for services as to how park and recreation services would be provided. If this option were to occur, the most likely service provider would be the City of Barstow with the area remaining in unincorporated County jurisdiction. This option would be similar to the dissolution of the Barstow Park and Recreation District, where the City provides park and recreation services outside of its boundaries.

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- The residents of the area could petition LAFCO to provide for one of the changes outlined above.

In 1994, AB 1335 gave LAFCO the authority to initiate reorganizations of special districts. In response to this new legislative authority, San Bernardino LAFCO drafted a list of 30 potential reorganizations that were possible under these provisions. Dissolution of the District with the City as the successor was one of the potential reorganizations discussed.

- Maintenance of the status quo. In this option, there are no changes to the District.
- Assign the District a zero sphere of influence. Adoption of this option would be based on the following reasons:
 - The District's facilities are maintained by the City of Barstow.
 - If the District were to pay for maintenance of its two parks, it would incur additional expenditures and begin to experience financial challenges.
 - The District does not comply with the State Constitution and CSD law by operating without an appropriations limit.
 - The District was a multi-function district that provided water, roads, and park services. The district has devolved over time and today only provides park and recreation services through a contract with City. There is no issue in CSD law with a CSD performing only one service, but the only existing function is the function of the former district that overlaid it (Barstow Park and Recreation District).

Based upon its evaluation, the Commission supports the designation of a zero sphere of influence signaling its position that the responsibilities and revenues of the District should be transferred to another agency – in this case the City of Barstow.

WHEREAS, the following determinations are made in conformance with Government Code Section 56425 and local Commission policy:

1. Present and Planned Uses:

Anticipated growth within the District is expected to be minimal. The vast majority of the area is assigned a San Bernardino County General Plan land use designation of RS-1 (Residential Single – minimum one acre lot size). The character of the District is rural with most of the parcels being either 2 ½ acre or 1 ¼ acre, and there is roughly five percent vacant land. There is the potential for parcel splits, and a small portion of the District is assigned a Neighborhood Commercial land use designation.

2. Present and Probable Need for Public Facilities and Services:

There is a need for park and recreation services within the boundaries of the District, and the District currently meets the need by providing the land and facilities for the parks. However, the

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City of Barstow provides maintenance of the facilities. Should a dissolution application be processed, the City would succeed to the operations, acquire ownership of the parks, receive its share of property tax revenues and be required to continue to provide the park services.

3. Present Capacity of Public Facilities and Adequacy of Public Services

Utilizing the estimated 2000 population and total developed park acreage, the District is below the Quimby Act standard by approximately 0.5 acres. The District does not provide recreation classes, does not have an adopted Park Master Plan, and does not have an appropriations limit. If the District were to pay for maintenance of its two parks, it would incur additional expenses and begin to experience financial challenges.

4. Social and Economic Communities of Interest:

Although the area is not within the City of Barstow, it is within its sphere of influence. The City borders approximately two-thirds of the District. However, some residents may not identify as being part of the Barstow community even though the City is the core of the social and economic community of interest for the entire Barstow community.

5. Additional Determinations

- The Commission’s Environmental Consultant, Tom Dodson and Associates, has determined the changes outlined for the Barstow Heights Community Services District sphere of influence are statutorily exempt from environmental review.
- Legal advertisement of the Commission’s consideration has been provided through publication in *The Daily Press* through a publication of a 1/8 page legal ad and in *Desert Dispatch*, as required by law. In accordance with Commission Policy #27, an 1/8th page legal ad was provided in lieu of individual notice because the service reviews for the community of Barstow, in aggregate, would have exceeded 1,000 notices.
- As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.
- Comments from landowners/registered voters and any affected agency were reviewed and considered by the Commission in making its determinations.

WHEREAS, pursuant to the provisions of Government Code Section 56425(i) the range of services provided by the Barstow Heights Community Services District shall be limited to the following:

DISTRICT	FUNCTIONS	SERVICES
Barstow Heights Community Services District	Park and Recreation	Maintenance

WHEREAS, having reviewed and considered the findings as outlined above, the Commission determines to assign a zero sphere of influence for Barstow Heights Community Services District signaling its position that the responsibilities of this agency should be transferred to another;

