

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

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PROPOSAL NO.: LAFCO 2932

HEARING DATE: AUGUST 18, 2004

RESOLUTION NO. 2839

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 2932, A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE YUCAIPA VALLEY WATER DISTRICT WITHIN SAN BERNARDINO COUNTY.

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

WHEREAS, a service review mandated by Government Code Section 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 this 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, the public hearing by this Commission was held upon the date and at the time and place specified in the notice of public hearing and in an order or orders continuing the hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the review, in evidence presented at the hearing; and,

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 is hereby

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adopted by this Commission. The Clerk has been directed to file a Notice of Exemption within five working days of adoption of this resolution; and,

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 for the Yucaipa Valley Water District should be amended as follows: (a) expanded to include the area currently within the City of Yucaipa boundaries, generally east and west of Sand Canyon Road which includes, among other areas, the Crafton Hills College site; (b) reduced to exclude the area currently within the City of Redlands sphere of influence along the Crafton Hills ridgeline and (c) affirm the balance of the sphere of influence area as it currently exists, as more specifically described on the map attached to this resolution; and,

WHEREAS, the following findings are made in conformance with Government Code Section 56430 and local Commission policy:

1. **Infrastructure Needs and Deficiencies.** The District annually adopts a Capital Improvement Plan for the District. The plan includes a budget for water, wastewater and recycled water capital infrastructure improvements and new projects. The Plan is based upon information obtained from the recently completed water, wastewater and recycled water master plans. Copies of this information is available for review at the District's office and summaries are available in the LAFCO office for review.
2. **Growth and Population.** The District anticipates the population within its San Bernardino County service area will be 44,900 in 2005, while the estimated population of the District as a whole is estimated to be 53,500. The Cities of Yucaipa and Calimesa have provided the population projections to the District noting that the 2040 population is anticipated as 67,400 within the City of Yucaipa, 9,000 within the City of Calimesa, and 22,900 within the Oak Valley Development (the majority of which is proposed to be within the Yucaipa Valley Water District).
3. **Financing Opportunities and Constraints.** The District maintains sound financial procedures for planning and investment security. It maintains a safe investment portfolio based on the protection of the publicly invested funds. The District maintains a Standard & Poor's bond rating of AAA and a Moody's bond rating of Aaa.
4. **Cost Avoidance Opportunities.** The current domestic water providers within the Yucaipa Valley consist of the Yucaipa Valley Water District, South Mesa Mutual Water Company, and Western Heights Mutual Water Company. The District and the Water Companies work together to provide service to the community. The District is the sole agency that provides wastewater service within its boundaries. The District has recently formed a Joint Powers Agency with the Beaumont-Cherry Valley Water District, City of Beaumont and South Mesa Mutual Water Company to manage the water resources within the Beaumont Storage Unit. This arrangement has resulted in an adjudication of the groundwater basin which provides a base level of certainty between the water purveyors in the area.
5. **Rate Restructuring.** The District Board of Directors has considered using automatic rate adjustment factors, such as consumer price index or rate comparisons; however, the District's 50 square mile service area and severe topographical features (an

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elevation differential of roughly 4,000 feet) do not allow for such comparison with other water and wastewater districts of comparable size.

6. **Opportunities for Shared Facilities.** The District continuously strives to identify ways to share facilities and resources with other local agencies to insure the most cost-effective, efficient service delivery to its customers.

7. **Government Structure Options.** The District has operated successfully as a single-purpose special district for more than 30 years during which time the District's customer base and service area have expanded significantly. No other relevant issues concerning this factor have been identified.

8. **Management Efficiencies.** The District maintains a very lean operation which is made possible with a talented and aggressive staff who are all motivated to provide the best service possible to the community served. The District has maintained a consistent customer to staff ratio and now provides service to more than 26,797 customers with a workforce of 60 employees.

9. **Local Accountability and Governance.** The District is governed by a five-member Board elected by divisions. The District does a good job communicating with its customers through newsletters, bill inserts, and public meetings. The District has an operating website, and conforms to provisions of the Brown Act requiring open meetings. No other relevant issues concerning this factor have been identified; and,

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

1. **PRESENT AND PLANNED LAND USES**

The full range of urban, suburban, and rural land uses are included within the boundaries and current sphere of influence of the Yucaipa Valley Water District within San Bernardino County. The sphere of influence update and service review have no potential to change present or planned land uses within the sphere, since the only changes proposed would be to provide for contiguity with the City of Yucaipa sphere of influence. The Yucaipa Valley Water District endorses this approach by indicating that no other sphere of influence changes are contemplated within the next five years.

2. **PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA**

The District has adopted Master Plans for its services of water, wastewater, and recycled water, which address this issue. Copies of these documents are on file in the District office.

3. **PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES PROVIDED**

The change to the District sphere of influence proposed through this review relates to three minor areas of consideration to allow for contiguity with the City of Yucaipa

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sphere of influence in compliance with the Commission’s community-by-community approach to spheres of influence. The District has adopted a Master Plan for service which addresses the service issues for water, wastewater, and recycled water. These documents are on file in the District office.

4. **COMMUNITIES OF INTEREST IN THE AREA**

The change proposed to the District’s sphere of influence is in response to the community of interest for Yucaipa and addresses a consolidation of the sphere of influence within this community of interest.

5. **OTHER FINDINGS**

- A. Notice of the hearing was published as required by law in The Sun, and Yucaipa-News Mirror, newspapers of general circulation in the area. As required by state law, individual notification was provided to affected and interested local agencies, County departments, and those individuals wishing mailed notice.
- B. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination; and,

WHEREAS, the following functions and services are provided by the District, as outlined in the Rules and Regulations affecting the functions and services of Special Districts (originally adopted on November 10, 1976, as amended); and Exhibit “A” of the Rules and Regulations lists each special district and its services and functions pursuant to the requirements of Section 6 of the Rules and Regulations; and,

WHEREAS, the Local Agency Formation Commission of the County of San Bernardino is required to review and update the Exhibit “A” of the Rules and Regulations of Special Districts to outline the services provided. The Exhibit “A” of the Rules and Regulations is amended to read as follows:

SERVICE	FUNCTIONS
Water	Retail, agricultural, domestic, replenishment, wholesale, recycled
Sewer	Sewage collection, treatment, wastewater reclamation

WHEREAS, pursuant to the provisions of Government Code Section 56425(h), the range of services provided by the Yucaipa Valley Water District is limited to those identified above, and such range of services shall not be changed unless approved by this Commission; and,

WHEREAS, having reviewed and considered the findings as outlined above, the Commission modifies the sphere of influence to include: (a) expansion of the District’s sphere of influence along its western, northwestern, and northern boundaries to correspond to the sphere of influence assignment for the City of Yucaipa; (b) reduction of the District’s sphere of influence within the Crafton Hills to correspond to the City of Yucaipa sphere of influence, excluding the area currently a part of the City of Redlands

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sphere of influence; and (c) uphold the balance of the sphere of influence for the Yucaipa Valley Water District as it currently exists within San Bernardino County, and is depicted on the map attached to this resolution.

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission of the County of San Bernardino, State of California, that this Commission shall consider the territory described on the attached maps as being within the sphere of influence of the Yucaipa Valley Water District, it being fully understood that establishment of such a sphere of influence is a policy declaration of this Commission based on existing facts and circumstances which, although not readily changed, may be subject to review and change in the event a future significant change of circumstances so warrants.

BE IT FURTHER RESOLVED that the Local Agency Formation Commission of the County of San Bernardino, State of California, does hereby determine that the Yucaipa Valley Water District shall indemnify, defend, and hold harmless the Local Agency Formation Commission of the County of San Bernardino from any legal expense, legal action, or judgment arising out of the Commission's affirmation of this sphere of influence, including any reimbursement of legal fees and costs incurred by the Commission.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission of the County of San Bernardino by the following vote:

AYES: COMMISSIONERS: Bagley, Biane, Colven, Pearson, Smith, Williams

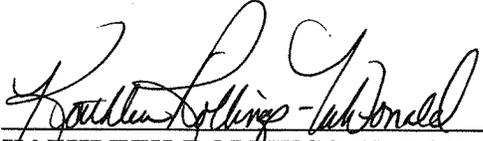
NOES: COMMISSIONERS: None

ABSENT: COMMISSIONERS: Young

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, **KATHLEEN ROLLINGS-McDONALD**, Executive Officer of the Local Agency Formation Commission of the County of San Bernardino, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission, by vote of the members present, as the same appears in the Official Minutes of said Commission at its meeting of August 18, 2004.

DATED: August 19, 2004



KATHLEEN ROLLINGS-McDONALD
Executive Officer

