

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

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PROPOSAL NO.: LAFCO 3031

HEARING DATE: February 18, 2009

RESOLUTION NO. 3049

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO RESCINDING RESOLUTION NO. 3035 AND ITS ACTIONS RELATED TO LAFCO 3031 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE ODESSA WATER DISTRICT, GRANTING THE REQUEST FOR RECONSIDERATION SUBMITTED BY THE EXECUTIVE OFFICER, MAKING DETERMINATIONS FOR THE SERVICE REVIEW, AND APPROVING SPHERE AMENDMENTS FOR LAFCO 3031 (sphere expansion to include the remainder of the Hinckley community as defined by the boundaries of County Service Area 70 Improvement Zone W; sphere expansion to include the southeast quarter of Section 12 of T09N, R01W; sphere reduction to exclude parcel 0516-012-03; and affirmation of the balance of the existing sphere as shown on the attached maps).

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

WHEREAS, on October 15, 2008, the Local Agency Formation Commission of San Bernardino County (hereinafter referred to as "the Commission"), conducted a public hearing on the proposal known as LAFCO 3031 – A Service Review and Sphere of Influence Update for the Odessa Water District, and after consideration of oral and written testimony and reports of staff, the Commission approved the service review and sphere of influence update for LAFCO 3031, and;

WHEREAS, on October 15, 2008, the Commission determined that the proposal was statutorily exempt from environmental review, and instructed its Clerk to file a Notice of Exemption within five days, and

WHEREAS, on November 19, 2008, the Commission adopted LAFCO Resolution No. 3035 outlining its approval and determinations for LAFCO 3031; and

WHEREAS, within 30 days of the date of adoption of Resolution No. 3035, the Executive Officer for the Commission filed a request for reconsideration of said resolution in conformance with Government Code Section 56895; and

WHEREAS, at the time and in the form and manner provided by law, said Executive Officer gave notice of a public hearing for this reconsideration request; and, at the February 18, 2009 hearing, the Commission heard from all parties wishing to be heard on this reconsideration, and the Commission

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closed the hearing; and

WHEREAS, on February 18, 2009, the Commission determined to rescind Resolution No. 3035 and its actions related to LAFCO 3031 and approved the Request for Reconsideration submitted by the Executive Officer for LAFCO 3031; and

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, 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, 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 February 18, 2009 for the modified proposal, and the Clerk was directed to file a Notice of Exemption within five working days of its adoption;

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 following sphere of influence determinations should be made for the Odessa Water District (hereafter shown as the District):

- (1) Expand the sphere of influence to include the remainder of the Hinckley community as defined by the boundaries of County Service Area 70 Improvement Zone W; and
- (2) Expand the sphere to include the southeast quarter of Section 12 of T09N, R01W;
- (3) Reduce the sphere to exclude parcel 0516-012-03 located in the northern half of Section 19 of T09N, R01E; and
- (4) Affirm the balance of the existing sphere of influence for the District

as more specifically depicted on the maps attached hereto as Exhibits "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 sphere amendments approved on February 18, 2009 do not change the previous municipal service review determinations required by Government Code Section 56430. The determinations of the Commission are:

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1. Growth and population projections for the affected area:

The District's jurisdiction and sphere are coterminous with the City of Barstow's jurisdiction and sphere. Therefore, the growth and population projections for the City are used for the District.

Within District

According to the State Department of Finance, the City had an estimated population of 23,943 in 2007. The City's population projections, which were developed using the Southern California Association of Government (SCAG) projections, are listed in five-year increments, as follows:

| | |
|---------------|---------------|
| 2010 – 25,401 | 2025 – 35,430 |
| 2015 – 28,831 | 2030 – 38,571 |
| 2020 – 32,215 | |

Build-out within the City is approximately 130,000 persons based on the current land use designations. Within the City limits is a proposed development project for 219 lots along Jasper Road north of Citrine Road. This area was recently annexed to the City effective June 2008.

Most of the anticipated growth is expected to occur in three areas identified in the City's General Plan:

- Residential growth in the three-mile wide corridor between Rimrock Road and Linda Vista Road
- Industrial growth in the City's Business Park (on West Main Street, east of Highway 58) and Industrial Park (west side of Lenwood Road, north of West Main Street)
- Commercial growth in the Lenwood Specific Plan area (east side of I-15 between Lenwood Road and Outlet Center Drive)

Sphere of Influence

Utilizing the growth forecast for transportation analysis zones, as identified in the Southern California Association of Governments 2008 Regional Transportation Growth Forecast, the City's sphere of influence population projections are as follows:

| | |
|---------------|---------------|
| 2010 – 10,381 | 2025 – 12,212 |
| 2015 – 11,050 | 2030 – 13,006 |
| 2020 – 11,585 | |

LAFCO staff has received project notices which anticipate General Plan Amendments, tentative tract developments, and Conditional Use Permits for increased residential development within the sphere area. A review of the project notices that have been submitted for County Land Use Planning review from 2004 through present indicate the potential for creation of 134 lots. These projects are adequately accounted for in the projections listed above. Additionally, there is a specific plan adopted by the City of Barstow in 1988 for the Lenwood community which guides development for the future in this area consistent with the City's General Plan.

Historical trends indicate low growth in the community in comparison with other urban areas of the North Desert region of the County. However, there are planned developments anticipated in the

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future such as the Waterman Junction development. These future projects will increase the need for public services within the existing City boundaries as well as within the unincorporated sphere area. However, the single most tangible factor that could limit growth will be the availability of water.

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

The District has indicated that only in the event that Golden State Water Company cannot serve the community's needs would the District engage in retail water services. Pursuant to Odessa Water District Act, the District is authorized to provide the following in cooperation with Mojave Water Agency, consistent with the Mojave Water Agency's plans, policies, standards and water management plan criteria:

- Acquire water and water rights within or out of the state
- Develop, store, and transport water
- Provide, sell, and deliver water for all beneficial purposes
- Fix the rates for water, and the amount of water standby or availability service charge or assessment
- Acquire, construct, operate, and maintain any and all works, facilities, improvements, and property necessary or convenient to the exercise of the powers granted by this act.

The District has no adopted plans to reference. Since its activities must be consistent with Mojave Water Agency's plans, pursuant to its enabling legislation, the District utilizes the Mojave Water Agency's plans.

Water Rights

The District has water production rights (also known as Base Annual Production) to assure 299 acre-feet (AF) annually. The District is within the Centro sub-region, and Free Production Allowance (FPA) is currently at 80% of Base Annual Production, which permits the district 204 AF of FPA for FY 2008-09. As noted in the most recent Watermaster Annual Report, further rampdown is not necessary at this time. Typically, producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. As indicated in the table below, the District has no obligations since it does not produce water. However, it has leased its annual water allocation. In Water Year 2005-06, the District leased it's FPA to the Victor Valley Water District (now the Victorville Water District and a subsidiary of the City of Victorville) for \$19,200.

**Odessa Water District
Water Production and Water Obligations**
(units in acre feet unless otherwise noted)

| Water Year | Free Production Allowance (FPA) | Carryover from Prior Year | Verified Production | Unused FPA or (Water Production in Excess of FPA) | Transfers to Other Water Agencies | Replacement Water Obligation (Agency overdraft) | Makeup Water Obligation (Watermaster replacement to the sub-basin) |
|------------|---------------------------------|---------------------------|---------------------|---|-----------------------------------|---|--|
| 2003-04 | 240 | 240 | 0 | 0 | (480) | \$0 | \$0 |

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| | | | | | | | |
|------------------|-----|-----|-----|-----|-------|-----|-----|
| 2004-05 | 240 | 240 | 0 | 240 | (240) | \$0 | \$0 |
| 2005-06 | 240 | 240 | 0 | 240 | (240) | \$0 | \$0 |
| 2006-07* | 240 | 240 | 0 | 240 | 0 | \$0 | \$0 |
| 2007-08** | 240 | 240 | n/a | n/a | n/a | n/a | n/a |
| 2008-09 | 240 | -- | -- | -- | -- | -- | -- |

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years 2003/04 through 2006/07, (April 1, 2005 through April 1, 2008).

Mojave Basin Area Watermaster, Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments Recommended for Filing, For Water Years 2002/03 through 2006/07.

* Transfers from other water agencies not accounted for yet and data is subject to amendment in Appendix I in Fifteenth Annual Report of the Watermaster due April 2009.

** Draft data (Appendix B) not available until January 2009.

3. Financial ability of agencies to provide services:

Although an independent special district, the materials provided by the District did not include a budget or audit. City staff has indicated that for budgeting and auditing purposes, it is considered a component unit of the City. However, the District neither has its own section of the City budget nor its own dedicated fund.

The District does not own or operate any facilities, and its sole source of income is the sale of its annual water allocation from the Watermaster. The District does have several funding options available if it chooses to pursue its water endeavors. These include improvement bonds, revenue bonds and short-term borrowing based on the value of the District's water rights, and assistance from the City of Barstow and Barstow Redevelopment Agency. The District has never issued bonds for improvements or water acquisitions, and none are planned at this time.

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

There are no facilities shared with other agencies. Given the limited scope of the District's activities, the opportunity to share facilities is limited or non-existent.

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

Local Government Structure and Community Service Needs

Pursuant to the District's Act, the District's Board of Directors is the Barstow City Council and the administrative functions of the District are to be carried out by City administration (City Clerk, City Manager, etc.). Below is the composition of the current council/board, their positions, and terms of office:

| Council Member | Title | Term |
|--------------------------|----------------|-------------|
| Joe Gomez | Mayor | 2012 |
| Julie Hackbarth-McIntyre | Council Member | 2010 |
| Willie L. Hailey, Sr. | Council Member | 2012 |

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| | | |
|----------------|----------------|------|
| Tim Saenz | Council Member | 2010 |
| Timothy Silva | Council Member | 2010 |
| Evelyn Radel | Treasurer | 2012 |
| JoAnne Cousino | Clerk | 2012 |

Board meetings are held when needed but at least one meeting per year is held as required by law to adopt its budget. For certain items of common interest, joint meetings are held.

Operational Efficiency

LAFCO staff is aware of one joint agency practice, the Alliance for Water Awareness (AWAC). The District (through the City), as an AWAC member, participates in workshops, outreach events, and public education to communicate the conservation message.

Government Structure Options

There are two types of government structure options:

Out-of-Agency Service Agreements:

There are no known out-of-agency service agreements.

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 entirety of its sphere. Pursuant to the Odessa Water District Act, the boundaries of the District are the corporate boundaries of the City of Barstow. No expansion can take place without the concurrent expansion of the City. The City does not contemplate such an action at this time.
- Dissolution of the Odessa Water District. In this option the District is dissolved with the City becoming the successor. The Odessa Water District Act does not specify a process for dissolution of the agency; therefore, the process would be conducted under the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The potential need of the services available to the District due to the water challenges in the community does not support such an action.
- Purchase of the Golden State Water Company – Barstow System. The District did not provide this an option. For this option to occur, the electorate of the District would have to approve the issuance of bonds to purchase the system, in addition to Golden State agreeing to the purchase or a condemnation proceeding be undertaken. There has been no indication from either the City, the District or Golden State that this is a desirable option at this time.
- Maintenance of the status quo – Neither the District nor LAFCO staff is recommending any changes to its governmental structure.

Based upon its evaluation, the Commission supports the retention of the current status of the District.

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

1. Present and Planned Uses:

Overall, the District's boundaries and sphere include the full range of densities from high density to non-developable land. Land uses also include the full range which includes open space, rural living, and residential. There are Williamson Act contracts in the sphere area which have open space and agricultural functions that will remain for a minimum period of ten years. The majority of the sphere area is a combination of vacant lands with Rural Living and Resource Conservation land use designations. The specific plan for Lenwood will guide development in the future in this area. The landownership breakdown of the community is as follows:

| Land Owner | Sq Miles | Percentage |
|--------------------------------------|-----------------|-------------------|
| Private | 120.1 | 65% |
| US Bureau of Land Management | 57.9 | 31.3% |
| Military | 6.7 | 3.6% |
| State Lands - State Lands Commission | 0.1 | 0.1% |
| Total | 184.8 | 100.0% |

A portion of the sphere is managed by the Bureau of Land Management, the Stoddard Valley Off-Highway Recreation Area. There is little developable land since the area is designated by the County General Plan as Resource Conservation (open space and recreational activities - minimum lot size 40 acres) and is comprised mostly of Bureau of Land Management lands. The territory of Stoddard Valley OHV has no requirement for municipal level services based upon the public nature of the majority of the land holdings and uses and its recent inclusion within the San Bernardino Fire Protection District for fire suppression, emergency response, rescue, and ambulance. Representatives from the Bureau of Land Management - Barstow Office, state that one of the Barstow Office's goal is to make the Stoddard Valley Off-Highway Recreation Area whole by acquiring all the private lands within the recreation area.

The sphere of influence for the District includes roughly half of the Hinkley community as defined by the boundaries of County Service Area 70 Improvement Zone W. In looking at future service delivery and community needs, the Commission determined to expand the sphere of influence of the District to include the entirety of the Hinkley community. County General Plan land use designations are primarily comprised of Rural Living, Residential Single, and Special Development – Residential. Other land use designations include Resource Conservation, General Commercial, and Neighborhood Commercial.

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

In the unincorporated sphere area, the present need for municipal services is minimal since it is predominantly vacant land. Given the anticipated growth within the sphere territory, residential projects will require water along with all other municipal level services.

The need for providing a supplemental water supply for new development that cannot be served by the community's principal water supplier, Golden State Water Company, was one reason for

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seeking the special legislation to establish the District. The District has indicated only in the event that Golden State Water Company cannot serve the community's needs would the District engage in retail water services.

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

The District does not operate any public facilities at this time. In the sphere area there is some retail water provided by other agencies, and there are sparse developments with on-site services such as wells and septic systems.

4. Social and Economic Communities of Interest:

The City is the core of the social and economic community of interest for the Barstow community. Within the unincorporated sphere, there are four distinct social communities: Barstow Heights, Hinkley, Grandview, and Lenwood. The Odessa Water District Act ties the District's boundaries to those of the City. The economic driver for the community is transportation, as the community is a transportation junction. The community is within the Barstow Unified School District except for a small portion on the east that extends into the Silver Valley Unified School District.

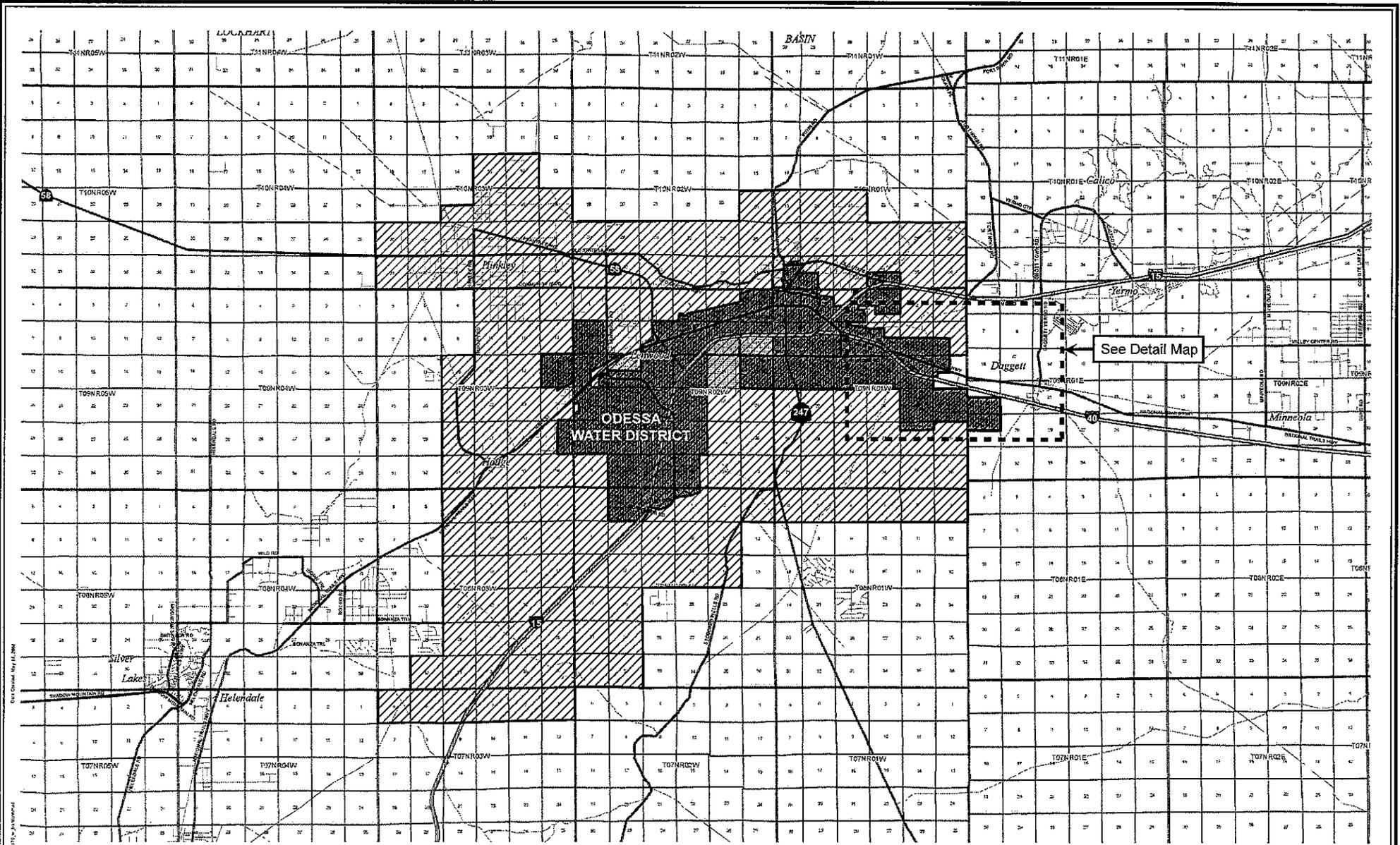
5. Additional Determinations

- The Commission's Environmental Consultant, Tom Dodson and Associates, has determined the changes outlined for the Odessa Water District sphere of influence are statutorily exempt from environmental review.
- As required by State Law notice of the reconsideration by the Commission was provided in the same manner as for the original consideration through publication in a newspaper of general circulation, the *Desert Dispatch*. Individual notice of the request for reconsideration was not provided as allowed under Government Code Section 56157 as such mailing would have included more than 1,000 individual notices. As outlined in Commission Policy #27, in lieu of individual notice the publication was provided through an eighth page legal ad.
- 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 Odessa Water District shall be limited to the following:

| DISTRICT | FUNCTIONS | SERVICES |
|------------------------------|------------------|--------------------------------|
| Odessa Water District | Water | Acquisition, retail, wholesale |

WHEREAS, having reviewed and considered the findings as outlined above, the Commission expands the sphere of influence to include the remainder of the Hinckley community as defined by the



City of Odessa, May 11, 2009

Prepared by: [unreadable]

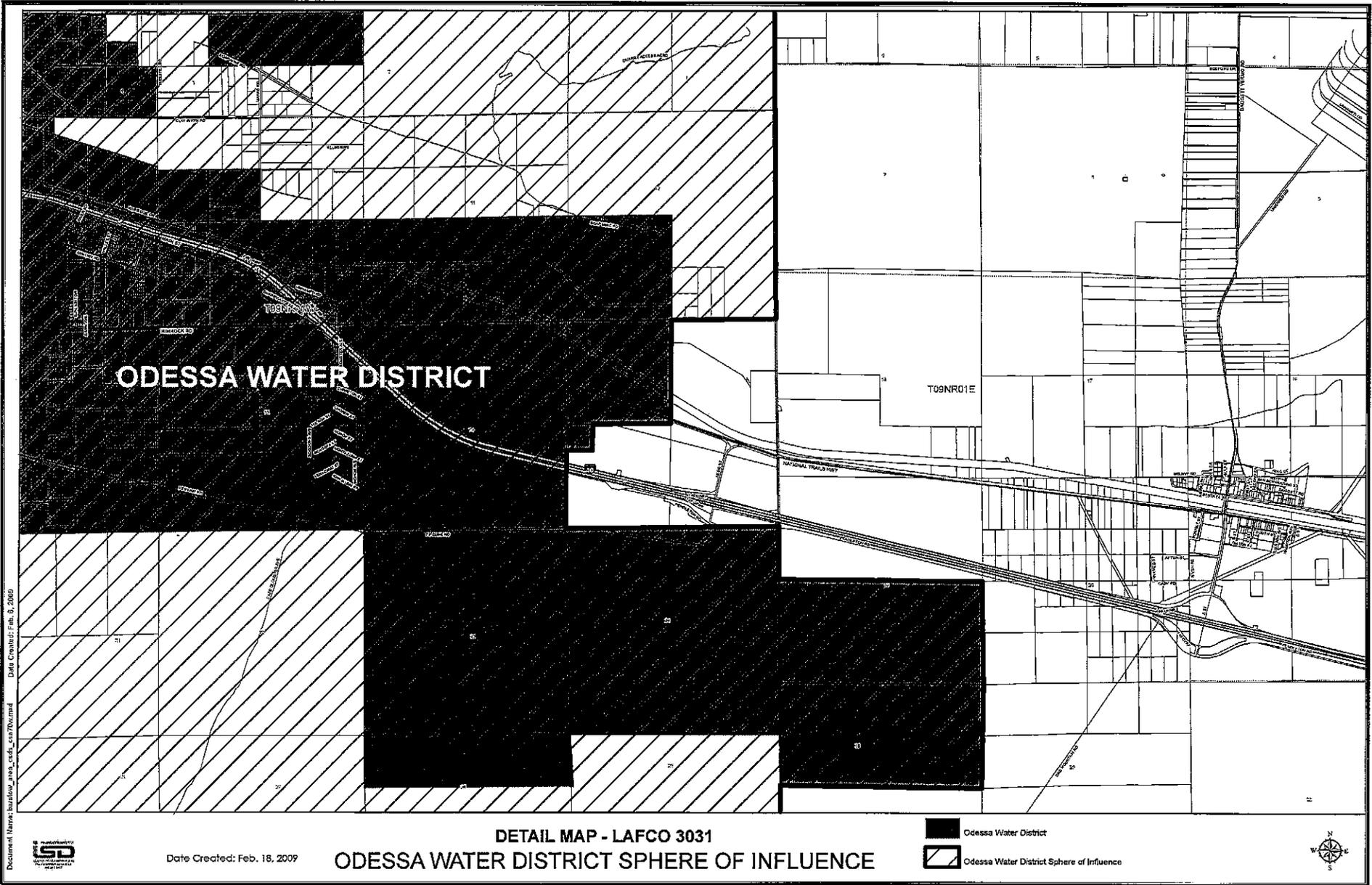


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LAFCO 3031 - ODESSA WATER DISTRICT SPHERE OF INFLUENCE

Odessa Water District
 Odessa Water District Sphere of Influence





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