LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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PROPOSAL NO.: LAFCO 3008

HEARING DATE: JULY 15, 2009

RESOLUTION NO. 3062

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3008 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE YERMO COMMUNITY SERVICES DISTRICT (sphere of influence expansion to encompass the combined existing spheres of influence of the Daggett and Yermo Community Services Districts creating a single sphere for the two agencies; expansion to include area west of Daggett Community Services District in the southwest quarter of Section 13 of T09N,R01W; expansion to include area east of the Barstow Marine Corps Base – Yermo Annex; and expansion to include areas north of Yermo Community Services District).

On motion of Commissioner McCallon, duly seconded by Commissioner Derry, 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 May 20, 2009 and continued to June 17, 2009 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 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 June 17, 2009. 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 shall be made for the Yermo Community Services District (hereafter shown as the District):

(1) Expand the sphere of influence to encompass the combined existing spheres of influence of the Daggett and Yermo Community Services Districts creating a single sphere for the two agencies;

(2) Expand the sphere of influence to include area west of Daggett Community Services District in the southwest quarter of Section 13 of T09N,R01W;

(3) Expand the sphere of influence to include the privately owned properties area east of the Barstow Marine Corps Base – Yermo Annex; and

(4) Expand the sphere of influence to include areas north of Yermo Community Services District which are peninsulas within the existing district

as more specifically depicted on the maps attached hereto as Exhibit "A", "A-1", "A-2", "A-3", 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 April 24, 2009 and received and filed by the Commission on June 17, 2009, 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:

While the north desert portion of San Bernardino County, in general, has experienced significant growth the Yermo community can be characterized as a rural and agricultural community that has historically experienced slow growth.

As of August 14, 2008, the District had 632 registered voters. Utilizing the growth forecast for transportation analysis zones, as identified in the Southern California Association of Governments (SCAG) 2008 Regional Transportation Growth Forecast and the 2000 Census estimates, the population growth projections for Yermo are as follows:

District	2000*	2010	2015	2020	2025	2030
Yermo	1,500	1,713	1,945	2,132	2,349	2,667

* 2000 Census estimate

This area is not anticipated to experience significant growth within the coming years. This determination is made due to about three quarters of the land being publicly owned, the rural and low density residential land use designations assigned by the County, the historical divide from the

Barstow community to the west, and the surrounding geographic barriers. The land ownership breakdown of the District's boundary is as follows:

Yermo CSD

Land Owner	Sq Miles	Percentage
Private	25.7	52.9%
US Bureau of Land Management	20.6	42.3%
County of San Bernardino	1.4	2.8%
State of California	0.9	2.0%
Total	**48.6**	**100.0%**

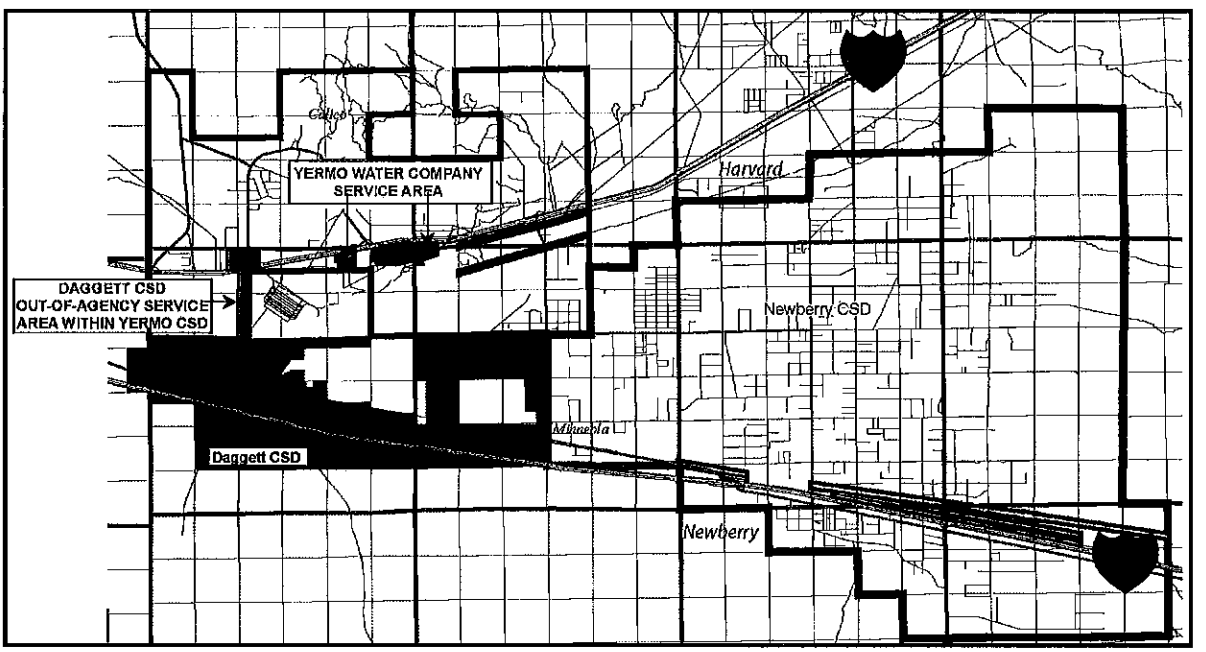
Historical trends indicate low growth in the community in comparison with other urban areas of the North Desert region of the County. However, there are future projects which will increase the need for public services within the community. The single most tangible factor that could limit growth will be the availability of water.

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

Water

Currently, Daggett Community Services District and Yermo Water Company provide domestic water to portions within the Yermo CSD, as shown on the map below. In the areas not within a municipal water provider, including Harvard, water service is provided on-site through wells.

Water Service Providers



Daggett delivers water to a 1.25 mile area within Yermo CSD territory. The Yermo Water Company, a private water company regulated by the California Public Utilities Commission (PUC), provides water to two separate and small portions of the Yermo community. The LAFCO staff report for SC 135 stated a reservation that the service capacity of an eight-inch water line given the commercial use and fire flow requirements was a concern. The eight-inch water line is still in use and the commercial use and fire flow requirements remains a concern of the Commission.

The provision of water service within the Yermo area through the Yermo Water Company has been outlined as presenting capacity and facility questions as well as questions regarding its maintenance and operation. The Yermo Water Company has been under investigation by the PUC, culminating in the April 2009 order to place it in mandatory receivership. Final action on this order is anticipated to be provided by August 2009.

In anticipation of being an option to assume the service responsibilities of the Yermo Water Company, the Yermo CSD in 2008 requested County Board of Supervisors approval for the sale of tax defaulted property to the District for the stated purpose of providing for a future well/storage tank site for local water service. On July 22, 2008 the County Board of Supervisors approved this request. However, Yermo CSD has not been authorized by LAFCO to provide or engage in water service in any manner pursuant to the Government Code and the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. The Board Agenda Item authorizing the sale lists the purchase price of this parcel at $2,850. LAFCO requested from the District the source of the funding for the parcel purchase, specifically from which District fund (fire, park and recreation, etc). To date, LAFCO has not received a reply from the District. LAFCO is of the understanding that completion of this sale has not yet occurred because the mapping requirements of the State Controller have not been satisfied.

Sewer

The community utilizes on-site wastewater disposal through septic tanks or leach field systems. There is no schedule for installation of sewer improvements. This service deficiency limits the development options for the community. The District does not currently provide, nor is it authorized to provide, sewer service and there are no other existing entities to provide sewer service. County Service Area 70 overlays the entirety of the community and is authorized sewer functions; however, County policy and practice requires the creation of improvement zones in order to deliver the service.

Fire Protection

Yermo provides fire protection within its boundaries from two fire stations through an all-volunteer department consisting of 16 active volunteers. In 2009, seven personnel have graduated from the Barstow College Emergency Technician training program. One station is located in the populated center of Yermo and second is located at the San Bernardino County Regional Park at Calico Ghost Town. Yermo has mutual aid agreements with the surrounding fire agencies which include Fort Irwin, Marine Corps Logistics Base Fire, Yermo Fire, Newberry Fire, Barstow Fire, Bureau of Land Management, and San Bernardino County Fire. The Fire Chief indicates that Yermo CSD currently owns and maintains the following operational vehicles:

- 2008 Ford F350 rescue vehicle (purchased in 2008)
- 1980 GMC 7000 brush engine (donated in 2008 by the County)
- 1998 Dodge RAM Type 6 pumper
- 1987 GMC 2,500 gallon water tender

The Commission has concerns regarding Yermo CSD's ability to adequately provide fire protection services. There is no fire master plan or operational plan to reference in order to provide information on ISO ratings, average response times, personnel training and certifications, station additions or upgrades, and short and long-term goals. Yermo has indicated that it experiences challenges in providing adequate fire protection due to the inadequate water pressure within its boundaries.

Additionally, Yermo experiences equipment challenges for fire protection and has historically been dependent upon County Fire for fire vehicles. In August 2008 the loss of an emergency response vehicle due to an accident left Yermo without a functioning fire fighting vehicle for several weeks. During that time, fire crews at the Yermo Annex responded to calls within Yermo CSD. Upon receiving the insurance payment for the non-operational truck, the Yermo CSD Board authorized the purchase of a new truck (2008 Ford F350). However, information obtained from County Fire identifies that within the past 20 years, County Fire has donated six fire fighting apparatuses to Yermo CSD, shown below. The District has sent those vehicles that it does not use to surplus.

Year donated	Vehicle donated
2008	1980 GMC 7000 Engine (active)
2006	1983 Ford F700 Engine (active)
1997	1979 Ford Engine
1995	1966 American La France
1990	1960 Ford ALF
1990	1972 Chevy Ambulance

The most recent transfer from County Fire was approved on September 16, 2008. Referencing the County Board of Supervisors staff report for the transfer, Yermo operated one fire apparatus, which was not operating efficiently for Yermo's needs. County Fire inspected the fire engine and determined a cost of approximately $10,000 to repair. Based on the age of the apparatus and the cost of the repairs, it was not cost effective for Yermo to invest funds into repairing this older unit. Further, Yermo did not have the funding available to purchase a replacement fire engine at the time. The Board of Supervisors authorized County Fire to transfer the title of a 1980 GMC 7000 series fire engine that was in fair condition with no value to County Fire.

Given the lack of information available regarding fire services provided by the District, the lack of equipment, the lack of funding, and historical dependency upon the County for donations of fire apparatuses, the Commission expresses concern regarding the adequacy of the fire protection and emergency services provided by Yermo CSD. This service deficiency needs to be addressed as soon as possible.

Park and Recreation

Yermo owns and operates one community park and a community center. The community center and community park are on the same parcel on approximately 1.1 acres located on McCormick Street off of Yermo Road. The community center has a gymnasium with facilities for basketball and volleyball. The community park has grass fields with grilling and playground equipment.

Yermo operates a sports park located on a four-acre portion of Silver Valley Unified School District property (9.6 acres) located next to the Yermo Elementary School. The sports park has two soccer fields and a softball field. Yermo CSD owns all the facilities that are located on the land. To facilitate

the use of this land for its sports park, Yermo entered into an agreement with the School District for use of each other's property. LAFCO inquired into the possibility of a property exchange to secure this property. Yermo states that the intent was to enter into a use agreement in the short run and then exchange properties; however, the exchange of properties has not taken place. Pursuant to the agreement:

- Yermo has granted the School District use of its property on Bedford Drive behind the Silver Valley High School. The school uses the land to park its buses.

- The School District has granted Yermo use of a portion (four acres) of its property (10 acres) on School Road located behind the Yermo Elementary School. Additionally, the School District pays all the utility costs for the park (water and electricity) and pays Yermo $7,200 annually for Yermo to maintain the park. The Elementary School is also allowed use of the park during school hours.

According to staff from the County Community Development and Housing Department, Yermo applied for and received Community Development Block Grant funding within the past few years. Since 2003, Yermo has received funding for improvements at the sports park and heating and cooling improvements to the community center. On September 9, 2008 the County Board of Supervisors approved a contract with Yermo in the amount of $16,325 for construction of improvements to the ceiling and walls of the Yermo Community Center. Under the terms of the contract, the County will utilize Community Development Block Grant funds to construct the project. Yermo CSD will continue to maintain and operate the community center facility for not less than 15 years following the completion of the improvements and will pay for all costs necessary for maintenance and operation.

Yermo has no park master plan or strategic plan to reference in order to provide information on park improvements or meeting the demands of the residents.

Streetlights

Yermo CSD maintains 48 streetlights. Southern California Edison owns the streetlights, and the District provides for payment of the utility costs for operation of the streetlights. There are no plans at this time to increase the number of the streetlights. There is no other existing service provider for streetlights in the area (County Service Area 70 which overlays the agencies is authorized streetlighting services, but requires creation of an Improvement Zone to provide), and the service is adequately provided. The future need for streetlights will increase as the population grows, dependent upon the implementation of the County's Night Sky Ordinance within this portion of the desert. The purpose of the Night Sky Ordinance is to encourage outdoor lighting practices and systems that will minimize light pollution, conserve energy, and curtail the degradation of the nighttime visual environment. Future developments may require public streetlights for major intersections for public safety purposes.

3. Financial ability of agencies to provide services:

The District experiences financial challenges stemming from lack of incoming revenue each year in comparison to annual expenditures. The ongoing operations of the District are funded solely by its share of the one percent ad valorem general levy. Fire protection and related activities comprise the largest expense and its cost increases annually. The District does not adhere to the constitutional

requirements for the establishment of an appropriations limit and statutes related to managing the finances of a community services district.

Community Services District Law (Government Code Section 61000 et seq.) promotes financial accountability by requiring:

- An adopted budget (§61110 et seq.) – CSD Law requires the adoption of an annual budget and requires the general manager to forward a copy of the final budget to the county auditor. A submission by Yermo CSD for FY 2008-09 could not be verified by the County Auditor.

- Adoption of annual appropriations limits under the Gann Initiative (§61113) – Article XIIIB of the State Constitution (Gann Limit) mandates local Government agencies to establish an appropriations limit, which is further acknowledged by Government Code 61113. In 1977-78 the tax rate of the District was $1.0883 per $100 of assessed value. The District falls within the requirements of Article XIIIB of the State Constitution, as it was over the $0.125 (12 ½ cents) per $100 of assed value tax rate in 1977-78, and therefore, must have an appropriations limit.

  After meeting with LAFCO, the District is now aware of the requirement for annual appropriations limits. The Commission has not received information indicating if Yermo is making an attempt to establish an appropriations limit.

- Regular audits and annual financial reports (Sections 26909 and 61118) – Section 26909 of the Government Code requires regular audits of district accounts and records, which is further acknowledged by Government Code 61118. Additionally, CSDs are required to forward their audits to the State Controller and County Auditor. According to records from the State Controller the last audit received was for FY 2007-08 received in February 2009. However, the State Controller has no record of receiving an audit for FY 2006-07. According to records at the County Auditor, the two most recent audits received were for FY 2006-07 received January 2009 and FY 2007-08 received in February 2009.

A review of the financial documents available indicates that the primary source of revenue is from property taxes and fire protection comprises roughly half of expenditures. The two most recent audits provided are for FY 2005-06 and FY 2006-07. Therefore, a comprehensive review of the district's finances could not be completed.

The financial transaction reports indicate that Yermo CSD experiences financial challenges in operating the district. As shown in the chart below, the District has operated in the past with revenues in excess of expenditures. However, the excess revenues have not been enough to support long-term maintenance and capital improvements. This is evidenced by its reliance upon County approval for Community Development Blocks Grants for park and recreation improvements and County Fire for the donation of fire apparatus.

Yermo CSD Financial Transaction Report Summary

Activity	Total Revenues	Total Expenditures	Net Income (Loss)	Total Debt
FY 2006-07				
Fire Protection	$ 48,943	$ 77,296	$ (28,353)	$ -
Lighting and Lighting Maintenance	$ 9,504	$ 7,914	$ 1,590	$ -
Recreation and Park	$ 43,950	$ 41,718	$ 2,232	$ -
Total	$ 102,397	$ 126,928	**$ (24,531)**	$ -
FY 2005-06				
Fire Protection	$ 137,607	$ 135,575	$ 2,032	$ -
Lighting and Lighting Maintenance	$ 8,138	$ 7,550	$ 588	$ -
Recreation and Park	$ 45,502	$ 33,971	$ 11,531	$ -
Total	$ 191,247	$ 177,096	**$ 14,151**	$ -
FY 2004-05				
Fire Protection	$ 39,491	$ 31,816	$ 7,675	$ -
Lighting and Lighting Maintenance	$ 7,480	$ 13,737	$ (6,257)	$ -
Recreation and Park	$ 40,284	$ 31,816	$ 8,468	$ -
Total	$ 87,255	$ 77,369	**$ 9,886**	$ -

source: State of California. California State Controller. *Special Districts Annual Report*, for fiscal years 2004-05, 2005-06, and 2006-07.

A review of the budgets available do not compare budgeted and actual amounts and identify tax receipts as the sole source of revenue when the audits identify investments and charges for services. The Commission recommends that Yermo CSD include these items in its budget to promote transparency.

Capital Improvements

Yermo CSD has not identified any capital improvements.

Outstanding Debt

The financial documents do not indicate that the district has outstanding debt.

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

Yermo CSD has an arrangement with the Silver Valley Unified School District for use of the community park. Yermo CSD pays for all maintenance costs for the park and allows the School District use of the park. In turn, the School District pays all the water and electricity costs for the park.

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

Local Government Structure and Community Service Needs

Yermo CSD is an independent district and is governed by a five-member board of directors. Representation of the board of directors is at-large and members are voted by the electorate or are appointed by the County Board of Supervisors to four-year staggered terms. A review of the County Registrar of Voters records indicates that within the past ten years, the District has had elections in 2003, 2007, and 2008. As of August 14, 2008, the District had 632 registered voters. Below is the composition of the board, their positions, and terms of office as of January 1, 2009:

Board Member	Title	Term
Geoffrey L. Berner	Clerk	2010
Scott Walker	Commissioner (Director)	2010
Orlando Chavez	Fire Commissioner (Fire Director)	2010
Bob Smith	President	2012
Loney Weems	Maintenance Director	2012

Board hearings are held on the third Tuesday of each month at 6:00 p.m. at the Yermo Community Center. Agendas are posted 72 hours prior to regularly scheduled hearings and 24 hours prior to special hearings. As for staff, the district employs a general manager/treasurer and has ranged between eight and eleven volunteer fire fighters within the past year. The position of the general manager assumed the duties of the district treasurer through board of directors' action on February 18, 2009. The position is bonded through the California Special Districts Risk Management Authority.

Operational Efficiency

The District participates in the Special Districts Risk Management Authority, a joint-powers authority, for general insurance and workers compensation. The District also participates in the Electronic Clean-up Program for the Daggett, Yermo, and Newberry communities. The communities rotate the drop-off location in order to assist residents.

Yermo participates in a disaster council made up of volunteer citizens of the Daggett, Yermo, and Newberry communities and meets to discuss community safety issues. The Council has established its mission and has begun the process of utilizing resources to create its disaster plan. FEMA representatives provided a three-day training session. There is no memorandum of understanding at this time.

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:

Since 1984 Daggett CSD has been providing water service within a portion of Yermo CSD territory due to the need for service to the Silver Valley High School. In 2001, the Commission approved an out-of-agency service contract authorizing Daggett CSD to provide domestic water and water for fire protection purposes within a defined service area within Yermo CSD territory from Daggett's eight-inch pipeline in Daggett-Yermo Road. The service area is approximately 1.25 square miles and comprised 66 parcels in 2001, surrounding the intersection of Interstate 15 and Calico Ghost Town Road and extending southerly along Daggett-Yermo Road to the Daggett CSD boundary. Currently, Daggett CSD serves water to 13 residential parcels, the Silver Valley High School, Silver Valley Unified School District offices, and 10 commercial parcels within the area.

Government Structure Options:

The District, in preparing the municipal service review, did not indicate that there were consolidations or other structure options available. While the discussion of some government structure options may be theoretical, a service review should address all possible options.

- Dissolution of the district. The community has a present and probable need for municipal services, and dissolution of the district is not desirable, let alone feasible at this time. Rather, more effective and responsive Government is needed for the community in addition to the growing activities and traffic along Interstate 15.

- Removal of the district's fire protection powers with County Fire as the successor. One theoretical possibility would be to remove the district's fire protection powers, expand the sphere of influence of the San Bernardino County Fire Protection District, and concurrently annex the territory to County Fire and its North Desert Service Zone. The Board of Supervisors would be the ex-officio board of directors, and County Fire would then succeed to the property tax revenues attributable to fire protection of the District.

  While there are benefits to regionally providing fire protection services and potential economies of scale that could be achieved, neither the District nor County Fire has indicated support for this option due to the limited financial resources available. Without the revenues, the Commission suggests that the potential for joint powers contracts to achieve economies of scale or functional consolidations of service for the area should be evaluated by the existing agencies.

- Consolidation of the Daggett, Newberry, and Yermo CSDs. Consolidation would allow for economies of scale and provide the opportunity for streamlined governance and compliance with CSD Law.

- Consolidation of the Yermo and Daggett CSDs. More effective and efficient governance could be achieved in the long-run through consolidation with the adjacent community services district rather than through dissolution or maintenance of the status quo. These two districts currently provide, or are proposed to provide, the same type and range of services, operate under the same law (Community Services District Law), experience financial challenges, have adjacent territories, identify themselves as communities along the interstate corridors, have a

historic divide from the Barstow community, and are dependent upon each other for service delivery, such as fire protection and water service.

- Maintain the district in its current status. In this option, there are no changes to the District and it is the option supported by the District as identified in responses received during the review of the draft report and conveyed during the January 21, 2009 community meeting.

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

1. **Present and Planned Uses:**

The vast majority of the lands within the District are assigned designations of Resource Conservation (allowing one unit to 40 acres) and varying levels of Rural Living by the County General Plan. Other land use designations include Agricultural, Institutional, Commercial (Industrial and Highway), Freeway, Regional Industrial, Residential Single, and Open Space. This community is not anticipated to experience significant growth within the coming years due to about three-quarters of the land being publicly owned, the low-density land use designations assigned by the County, the historically low growth rate, the lack of a municipal-type water provider, and the surrounding geographic barriers.

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

Currently, Daggett Community Services District and Yermo Water Company provide domestic water to portions within the Yermo CSD. Since 1984 Daggett CSD has been providing water service to a 1.25 mile area within the western portion of Yermo CSD territory due to the need for service to the Silver Valley High School and Silver Valley Unified School District offices. Currently, Daggett CSD serves water to 13 residential parcels, the Silver Valley High School, the Silver Valley Unified School District's offices, and 10 commercial parcels within the area. The Yermo Water Company, a private water company regulated by the California Public Utilities Commission (PUC), provides water to two separate and small portions of the Yermo community. The Yermo Water Company has been under investigation by the PUC, culminating in the April 2009 order to place it in mandatory receivership. Final action on this order is anticipated to be provided by August 2009. In the areas not within a municipal water provider, including Harvard, water service is provided on-site through wells.

The entirety of the community utilizes on-site wastewater disposal through septic tanks or leach field systems. This service deficiency limits the development capacity for the community. The District does not currently provide sewer service and there are no other existing entities available to provide sewer service. County Service Area 70 overlays the entirety of the community and is authorized sewer functions; however, County policy and practice requires the creation of improvement zones in order to deliver the service.

The District experiences challenge related to fire protection services given the limited resources available, and is reliant upon other fire protection agencies for mutual aid to fulfill this mission. The need for fire services is also anticipated to remain constant within the district but the needs of the transient traffic along Interstate 15 and the railroads traveling through the area will increase as traffic is anticipated to increase.

The need for park and recreation is anticipated to generally remain constant as the population is not anticipated to increase significantly.

The need for streetlighting is also anticipated to remain generally constant. Southern California Edison owns the streetlights, and the district provides for payment of the utility costs for operation of the streetlights. There are no plans at this time to increase the number of the streetlights. There is no other existing service provider for streetlights in the area even though County Service Area 70 overlays the entirety of the community and is authorized streetlighting services, and the service is adequately provided. The future need for streetlights will increase as the population grows, dependent upon the implementation of the County's Night Sky Ordinance within this portion of the desert. The purpose of the Night Sky Ordinance is to encourage outdoor lighting practices and systems that will minimize light pollution, conserve energy, and curtail the degradation of the nighttime visual environment. Future developments may require public streetlights for major intersections for public safety purposes.

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

The provision of water service within the Yermo area through the Yermo Water Company has been outlined as presenting capacity and facility questions as well as questions regarding its maintenance and operation. The Yermo CSD has requested consideration of the activation of its water powers to be able to participate in the determinations for water service for its citizens.

The park and recreation services are adequately met by the District but they are generally dependent upon grants for improvements and construction.

The District is authorized by LAFCO to provide fire protection services. Yermo does not have a fire master plan or operational plan to reference in order to provide information on ISO ratings, average response times, personnel training and certifications, station additions or upgrades, and short and long-term goals.

The District experiences financial challenges stemming from lack of revenue in comparison to expenditures. Operations are funded by its share of the ad valorem property taxes. Fire protection and related activities comprise the largest expense and increase annually. Moreover, a comprehensive review of the District's finances could not be completed due to the lack of current audits provided. Further the District does not adhere to certain statutes related to finances of a community services district. Of concern to the Commission is the current and future viability of the District. A review of the financial documents currently available indicates that the District does not receive enough incoming revenue to adequately support ongoing operations.

4. Social and Economic Communities of Interest:

The social community of interest is the District and its residents. There is an intra-relational structure in place between the Yermo and Daggett Community Services Districts. This is due to their adjacent territories, their common service provision, identifying themselves as communities along the interstate corridors, having a historic divide from the Barstow community, and dependency upon each other for service delivery, such as fire protection and Daggett CSD's water service extension into Yermo CSD.

Economic communities of interest are the Interstate 15, the Marine Corps Yermo Annex, Silver Valley Unified School District, San Bernardino County Regional Park at Calico Ghost Town and the Union Pacific Rail Yard.

5. Additional Determinations

- Legal advertisement of the Commission's consideration has been provided through publication in *The Desert Dispatch* through a publication of an 1/8th page legal ad, 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 review for the community, 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 Yermo Community Services District shall be limited to the following:

	FUNCTIONS	SERVICES
Yermo Community Services District	Fire Protection	Structural, watershed, suppression, prevention
	Streetlighting	Streetlighting
	Park and Recreation	Local park development, operation, maintenance

WHEREAS, in response to actions taken by the Public Utilities Commission related to the operations of the Yermo Water Company, Yermo CSD has determined to pursue activation of their latent water functions. On April 6, 2009 the District submitted its official application for reactivation and LAFCO has assigned it the designation of LAFCO 3008A for processing. All further determinations for the activation of the District's latent water function are contained in LAFCO 3008A.

WHEREAS, having reviewed and considered the findings as outlined above, the Commission determines to expand the sphere of influence to encompass the combined existing spheres of influence of the Daggett and Yermo Community Services Districts creating a single sphere for the two agencies; expand the sphere of influence to include area west of Daggett Community Services District in the southwest quarter of Section 13 of T09N,R01W; expand the sphere of influence to include area east of the Barstow Marine Corps Base – Yermo Annex; and expand the sphere of influence to include areas north of Yermo Community Services District, as outlined on the attached exhibits 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 this to be the sphere of influence for the Yermo Community Services 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 Yermo Community Services 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 the 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:**	**Cox, Curatalo, Derry, McCallon, Mitzelfelt, Nuaimi, Pearson**
NOES:	**COMMISSIONERS:**	**None**
ABSENT:	**COMMISSIONERS:**	**Biane (Commissioner Derry voting in his stead)**

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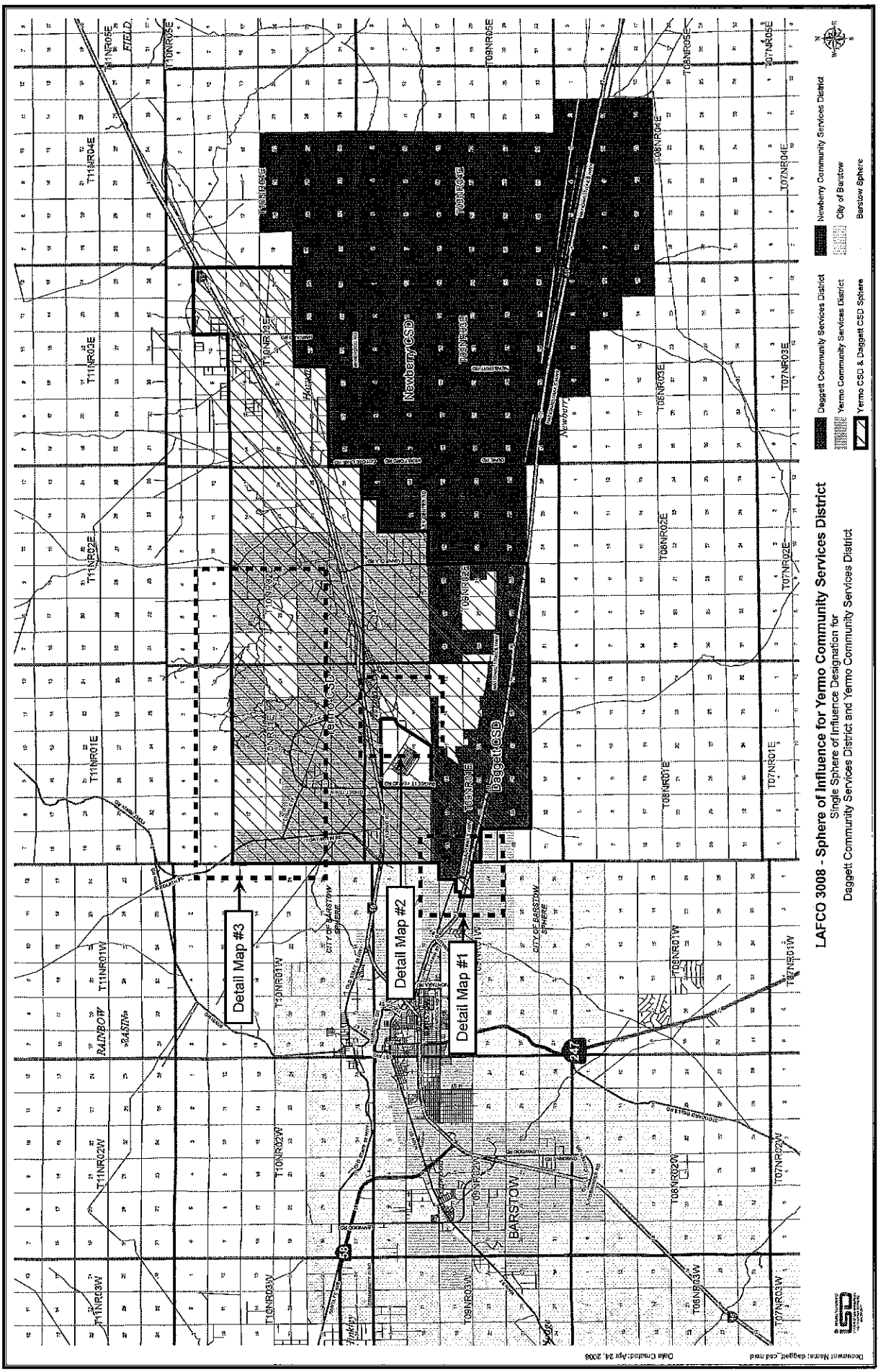
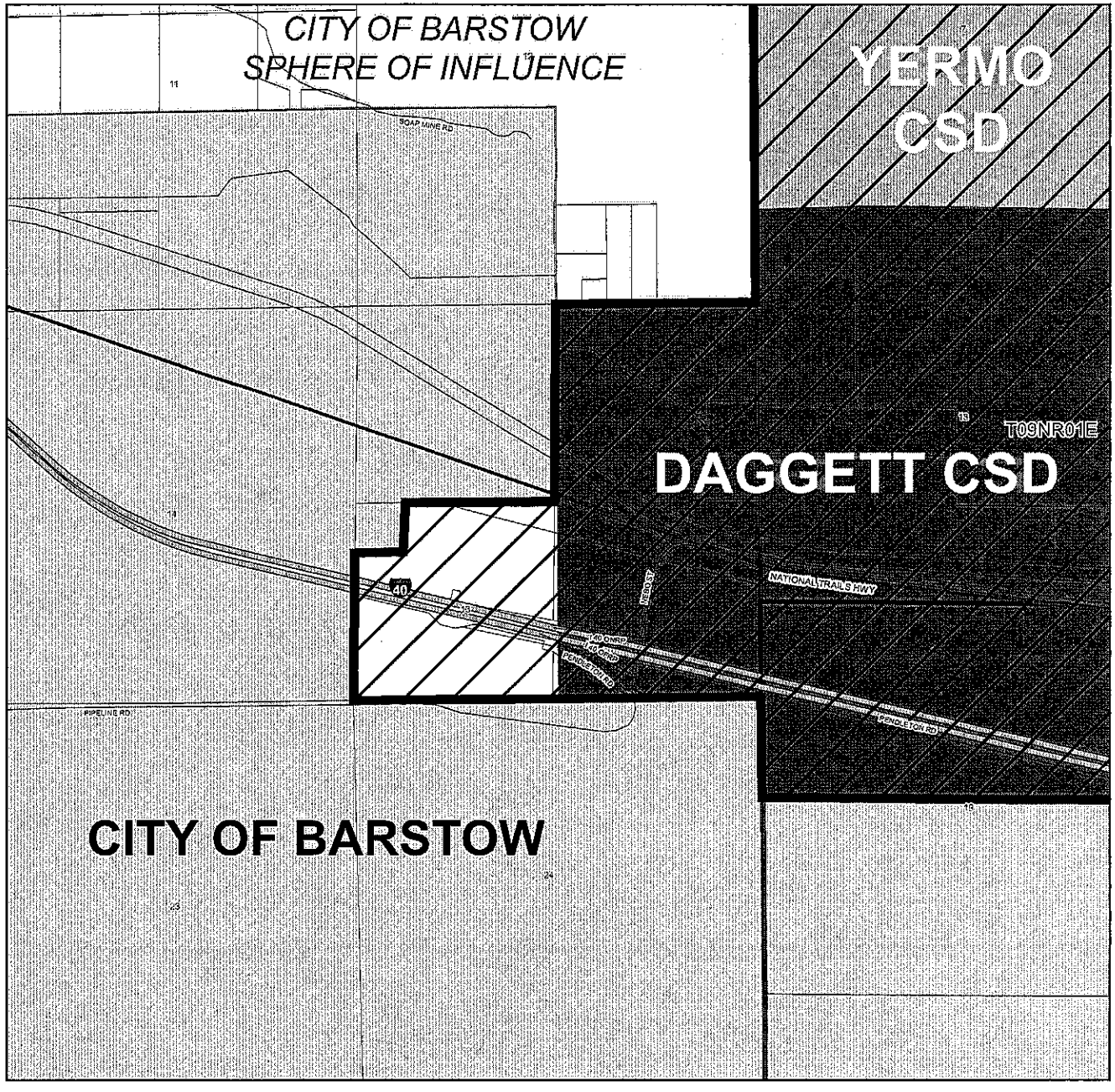
STATE OF CALIFORNIA)
) **ss.**
COUNTY OF SAN BERNARDINO)

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 July 15, 2009.

DATED: July 16, 2009

KATHLEEN ROLLINGS-McDONALD
Executive Officer


LAFCO 3008 - Sphere of Influence for Yermo Community Services District
Single Sphere of Influence Designation for
Daggett Community Services District and Yermo Community Services District
Detail Map #1
Detail Map #2
Detail Map #3
Newberry CSD
Daggett CSD
Yermo
BARSTOW
RAINBOW
NEWBERRY SPRINGS
Daggett Community Services District
Yermo Community Services District
Yermo CSD & Daggett CSD Sphere
Newberry Community Services District
City of Barstow
Barstow Sphere



LAFCO 3008 - SPHERE OF INFLUENCE FOR
YERMO COMMUNITY SERVICES DISTRICT

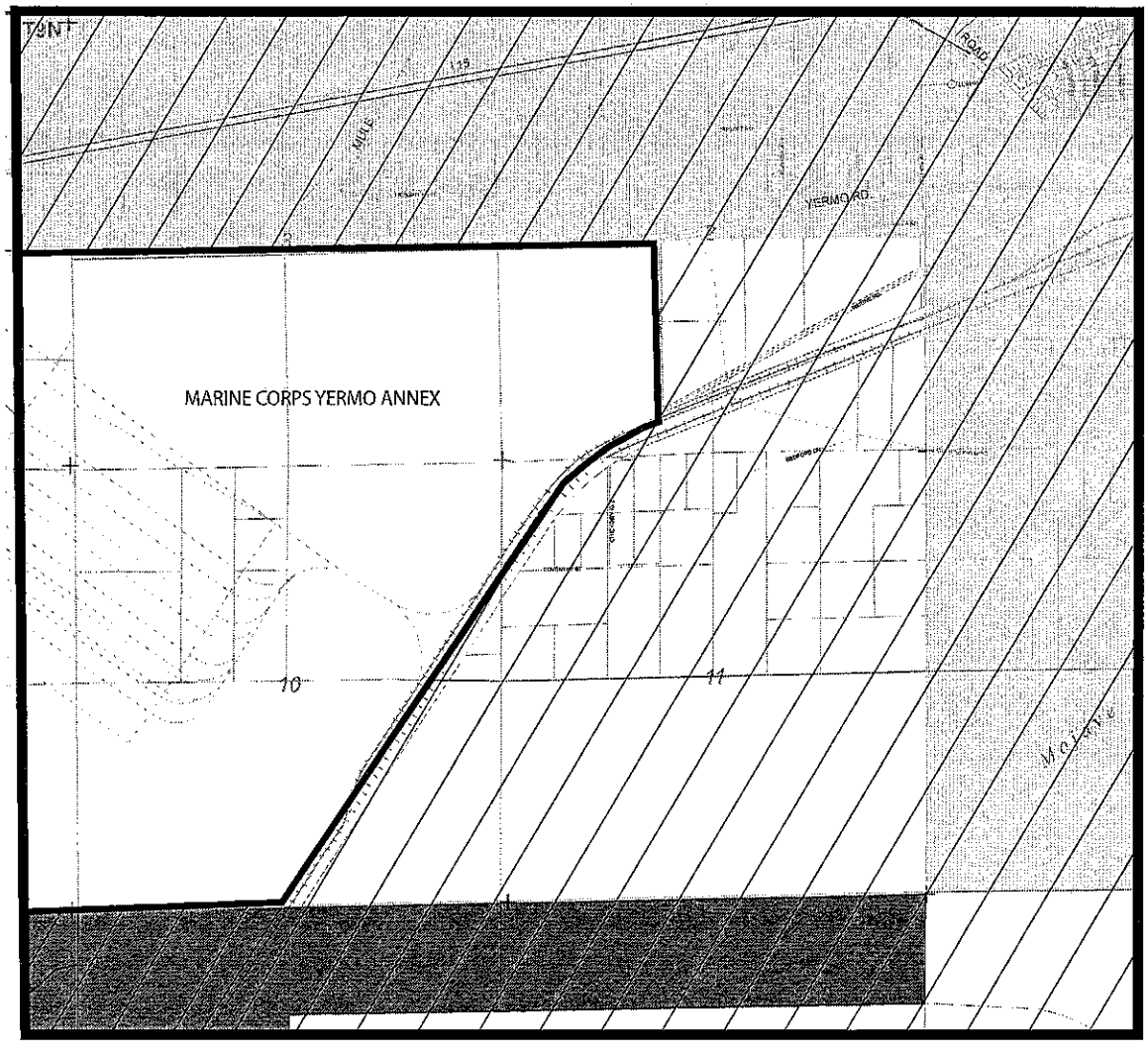
DETAIL MAP # 1

Yermo CSD
Daggett CSD
City of Barstow
Yermo CSD and Dagget CSD Sphere
Barstow Sphere

EXHIBIT A-1

EXHIBIT A-1

LAFCO 3008 - Sphere of Influence for Yermo Community Services District - Detail Map #2



Daggett CSD Boundary

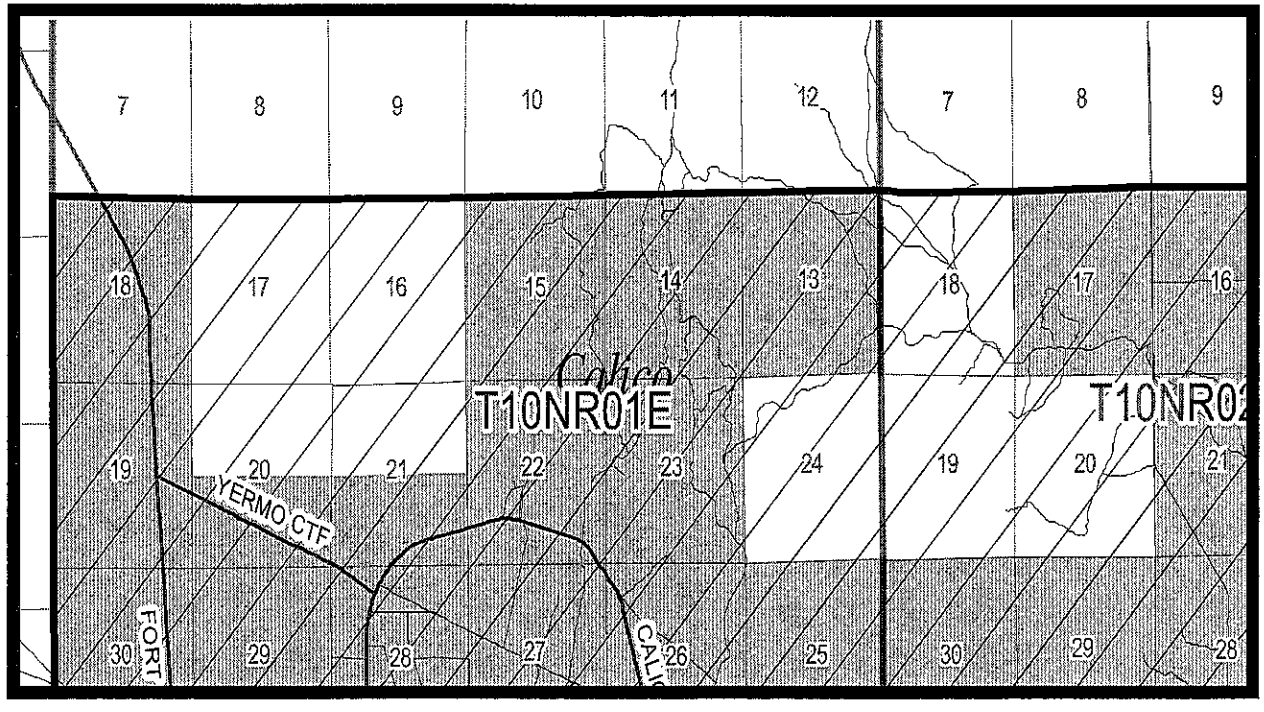
Yermo CSD Boundary

Yermo CSD & Daggett CSD Sphere

EXHIBIT A-2

EXHIBIT A-2

LAFCO 3008 - Sphere of Influence for Yermo Community Services District - Detail Map #3



Yermo CSD Boundary

Yermo CSD & Daggett CSD Sphere

EXHIBIT A-3

EXHIBIT A-3