LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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PROPOSAL NO.: LAFCO 3045

HEARING DATE: JULY 15, 2009

RESOLUTION NO. 3063

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3045 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE DAGGETT 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 Daggett 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 Daggett community can be characterized as a rural and agricultural community that has historically experienced slow growth.

As of August 14, 2008, the District had 195 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 Daggett are as follows:

District	2000*	2010	2015	2020	2025	2030
Daggett	775	885	1,005	1,102	1,214	1,378

* 2000 Census estimate

This area is not anticipated to experience significant growth within the coming years. This determination is made due to about one-third 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:

Daggett CSD

Land Owner	Sq Miles	Percentage
Private	13.2	64.1%
US Bureau of Land Management	6.1	29.4%
County of San Bernardino	0.7	3.8%
United States of America	0.4	1.5%
State of California	0.2	1.2%
Total	**20.6**	**100.0%**

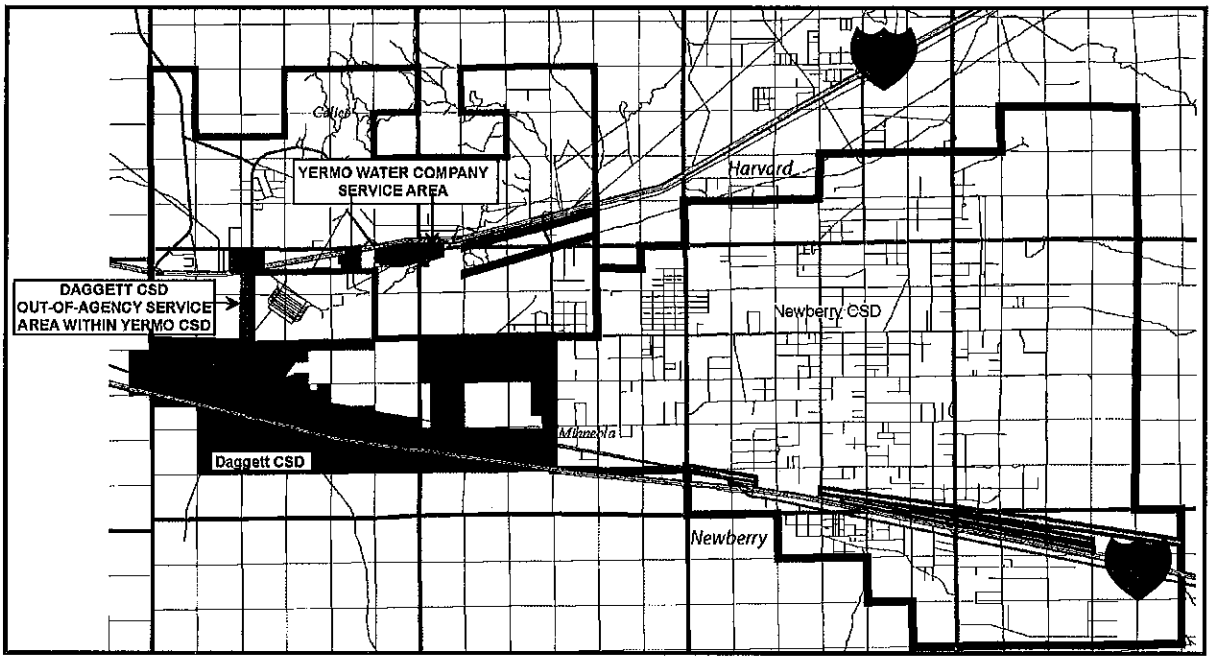
Historical trends indicate low growth in the community in comparison with other urban areas of the North Desert region of the County. However, there are future projects which will increase the need for public services within the community. The single most tangible factor that could limit growth will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

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

Water

Since 1984 Daggett CSD has been providing water service 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. Any request submitted for the expansion of the service area would require that Daggett CSD provide a study showing the capacity for service through lines and storage facilities and a payment schedule that would acknowledge buy-in-costs for the facilities. 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.

Water Service Providers



Daggett CSD has water production rights (also known as Base Annual Production) to assure 304 acre-feet (AF) annually as determined by the adjudication of the Mojave Water Basin. Daggett is within the Baja sub-region, and Free Production Allowance (FPA) was at 70% of Base Annual Production for 2008-09, which permitted Daggett 213 AF of FPA. For FY 2009-10, FPA has been set at 65%, which currently permits 198 AF and will be subject to further rampdowns in the future.

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 FPA from another party. The historical trend for Daggett's water production indicates that it does produce more than its FPA. However, until 2003-04 it had purchased water from other agencies to make up the difference along with purchasing additional water for future use. Thus, it has had no replacement obligation to the Watermaster. However, given the trend of water production in excess of its FPA, its carryover from prior year has been lessened each year, with 35 AF carried over into 2007-08 and zero AF carried over into 2008-09. Based on this trend and the additional rampdown, Daggett is currently resuming the purchase of water from other agencies in order to avoid having to pay the higher Watermaster rates for overproduction. This will translate into increased costs for ratepayers. However, Daggett purchased 50 AF of permanent base annual production rights in September 2008 in order to mitigate the higher Watermaster costs.

Daggett CSD Water Production and Water Obligations
(units in acre-feet unless otherwise noted)

Water Year	Free Production Allowance (FPA)	Carryover from Prior Year and Transfers from Other Agencies	Verified Production	Unused FPA [3] or (Agency Overdraft)	Replacement Water Obligation (District overdraft)	Makeup Water Obligation (Watermaster replacement to the Baja sub-basin)
2001-02	204	252	259	**197**	$0	$0
2002-03	204	297	262	**239**	$0	$0

2003-04	204	399	255	**330**	$0	$0
2004-05	204	330	248	**204**	$0	$0
2005-06	191	204	258	**137**	$0	$0
2006-07	191	137	293	**35**	$0	$0
2007-08[1]	228	35	270	**(7)**	7 AF at a cost of $2,359	$0
2008-09[2]	213	0	N/A	N/A	N/A	N/A
2009-10	198	--	--	--	--	--

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years 2002/03 through 2006/07, (April 1, 2004 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.

[1] Transfers from other water agencies not reconciled yet and data is subject to amendment in Appendix I in Sixteenth Annual Report of the Watermaster due April 2010.

[2] Draft data (Appendix B) not available until January 2010.

[3] Unused FPA is equal to the total FPA (FPA, carryover, and transfers) minus total Verified Projection, but not greater than FPA and FPA transfers.

Daggett's water facilities are comprised of 185 active connections, four active wells, four tanks, and mostly eight-inch pipes with some four, six, and ten-inch pipes. According to staff at the County Department of Community Development and Housing, the District received a Community Development Block Grant in FY 06-07 for security fencing for the water storage tanks. Below is a listing of the tank capacities:

- Tank 1 – 200,000 gallon steel bolted
- Tank 2 – 150,000 gallon steel welded
- Tank 3 – 3,000 gallon steel welded
- Tank 4 – 135,000 gallon in-ground

Indicated in the chart above, Daggett CSD produced 293 acre-feet in 2006-07. Utilizing this figure calculates to a maximum daily demand (emergency storage) of 470,833 gallons per day and compared it to the system's 488,000 gallons of tank storage capacity. Based on these figures (shown in the chart below), the District has enough storage capacity to meet maximum daily demand.

Connections	**Average Daily Demand (ADD)**		**Max Daily Demand (1.8 x ADD) [Emergency Storage]**		**Operational Storage (gallons)**
	AF/Yr	**gpd**	**gpd**	**gpm**	
285	293	261,574	470,833	454	488,000

Daggett CSD has no water management plan or strategic plan to reference in order to provide technical information for this report such as average daily demand, maximum daily demand, operational storage, fire storage, or hydraulic modeling. Further, Daggett has no plans for significant upgrades of its water system.

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

Daggett provides fire protection within its boundaries from three fire stations through an all-volunteer department. Currently, staffing includes six fire personnel including a fire chief and assistant fire chief all on a paid-call basis. Daggett currently owns and operates four vehicles for fire fighting: one water tender with a 1,600 gallon tank, two structural fire trucks, and one brush truck. 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.

Within the Daggett CSD sphere of influence is the Barstow Daggett Airport, a county-operated airport facility. Fire service is provided at this facility by personnel from Fort Irwin as it houses aircraft at the facility through a contract with the County Airports Department. This fire station is manned during operational hours and provides for mutual aid response.

Daggett 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.

Park and Recreation

Daggett owns and operates two parks located adjacent to the district headquarters and operates a community center that is located on County property. The parks are located in the northern portion of the district and are approximately one-half acre each. In FY 2005-06 Daggett received a $4,500 Community Development Block Grant for installation of playground equipment.

The Community Center is located on County property at 35277 Afton Street in the southern portion of the District. The five-acre property also includes a basketball court and a storage facility. The community center is used for senior events, community meetings, and recreation. Daggett indicates that the Community Center was funded by a Community Development Block Grant in the early 1980s. Community Development Block Grant funding provided for re-roofing of the Community Center in 1999. According to staff at the County Department of Community Development and Housing, there is a lease agreement from 1982 between the County and Daggett CSD for the facility to be on County property. The term of the lease is for 30 years with two 10 year options to renew. Neither the County Department of Community Development nor Housing, County Real Estate Services nor Daggett CSD staff could provide a copy of the lease to substantiate the terms of the agreement.

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

Streetlights

Daggett CSD maintains 24 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 by property taxes and water charges. 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. Daggett has not adopted an annual budget since FY 1995-96 and has thus operated without a budget for over a decade.

- 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 $1.2500 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 Daggett is making an attempt to establish an appropriations limit. Further, the establishment of an appropriation limit would require Daggett to adopt a budget.

- 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. The last audit performed of Daggett's finances was for FY 2002-03. According to records from the County Auditor and State Controller, the last audit received for Daggett CSD was for FY 2002-03.

The District provided copies of the mandatory financial transaction reports that were submitted to the State Controller for FY 2005-06 and 2006-07.

According to Daggett staff, the board of directors approved the first water rate increase since the 1980s for customer water use. The current rate is .0075 cents per cubic foot, and the rate took effect July 1, 2008 of 1.5 cents per cubic foot. The revenues to be generated by the rate increase will provide Daggett with needed additional revenue. Further, Daggett charges the same rate for water service to those outside its boundary as those it services within its boundaries. The additional costs to serve outside of the boundaries could be recouped by charging a higher out of boundary rate for water service.

Financial Transaction Reports

Since the District does not have an operating budget and the last audit is for FY 2002-03, a comprehensive review of the District's finances could not be completed. For this report, staff reviewed the financial transaction reports for FY 2004-05, FY 2005-06 and FY 2006-07. Review of the financial transaction reports indicates that the District is experiencing financial challenges.

The general fund is comprised of the fire, streetlighting, and park and recreation activities. As indicated below, the activities (non-enterprise) of the general fund do not generate enough revenue to support the current levels of service. However, the District receives enough revenue through water rates to operate the day-to-day activities of the water system (enterprise fund). To compensate for the shortfall for fire services, the District transfers revenues from the water enterprise fund to the general fund. For example, in FY 2005-06 $22,591 was transferred and in FY 2006-07 $19,216 was transferred. Essentially, the water enterprise fund subsidizes the non-enterprise activities of the district. The annual transfers deplete needed revenue from the water fund and have the potential to adversely affect the water system's long term viability to adequately fund capital projects and needed major improvements for the water system.

Daggett CSD Financial Transaction Report Summary

Activity	Total Revenues	Total Expenditures	Transfer In (Out)	Net Income (Loss)	Total Debt
FY 2006-07 *					
Fire Protection	$ 37,717	$ 37,743	$ 19,216	$ 19,190	$ -
Streetlighting	$ 3,785	$ 6,391	$ -	$ (2,606)	$ -
Recreation and Park	$ 53,536	$ 59,645	$ -	$ (6,109)	$ 55,000
Water Enterprise	$ 165,982	$ 92,441	$ (19,216)	$ 54,325	$ 66,150
Total	$ 261,020	$ 196,220	$ -	**$ 64,800**	$ 121,150
Note: Total Revenues and Net Income should be reduced by $50,000 for the water enterprise fund and be reclassified as an asset that the district received but did not directly pay for.					
FY 2005-06					
Fire Protection	$ 27,670	$ 33,986	$ 22,591	$ 16,275	$ -
Streetlighting	$ 2,781	$ 4,457	$ -	$ (1,676)	$ -
Recreation and Park	$ 45,098	$ 46,633	$ -	$ (1,535)	$ 58,000
Water Enterprise	$ 108,413	$ 90,941	$ (22,591)	$ (5,119)	$ 70,150
Total	$ 183,962	$ 176,017	$ -	**$ 7,945**	$ 128,150
FY 2004-05					
Fire Protection	$ 28,136	$ 25,523	$ 18,972	$ 21,585	$ 10,014
Streetlighting	$ 2,367	$ 6,863	$ -	$ (4,496)	$ -
Recreation and Park	$ 38,401	$ 47,028	$ -	$ (8,627)	$ 61,000
Water Enterprise	$ 100,050	$ 94,629	$ (18,972)	$ (13,551)	$ 75,150
Total	$ 168,954	$ 174,043	$ -	**$ (5,089)**	$ 146,164

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

* As identified in the FY 2006-07 Financial Transaction Report, $50,000 is reflected as a one-time receipt of revenue. In the summary charts below, the $50,000 is a part of the $165,982 Total Revenues for FY 2006-07, which resulted in a Net Income of $54,325. LAFCO has verified with staff of the auditor that prepared the FY 2006-07 Financial Transaction Report that the $50,000 was actually an asset and not revenue. The District was awarded $50,000 in Community Development Block Grant funding by the County for the installation of a security fence around one of the District's water tanks. The grant funding was paid by the County and the District received the asset. Therefore, the Total Revenue for FY 2006-07 should be $115,982 and Net Income should be $4,325.

Long-term Debt

Long-term debt is comprised of two bonds. The first is a general obligation bond for recreation and park services which was authorized in 1979 and matures in 2019. As of June 2007, the un-matured amount of the bond was $55,000. The second is a revenue bond to upgrade water delivery which was authorized in 1980 and matures in 2020. As of June 2007, the un-matured amount of the bond was $66,150.

Capital Improvements

Daggett CSD has not identified any capital improvements.

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

Daggett CSD has its community center facility on County land. It is understood that a lease agreement exists between the County's Department of Community Development and Housing and the District; however, neither the County nor the District has been able to produce the document.

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

Local Government Structure and Community Service Needs

Daggett is an independent district and is governed by a five-member board of directors. Representation on the board of directors is at-large and members are voted on 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 and 2007. As of August 14, 2008, the District had 195 registered voters. The lack of elections can be attributed to the size of the district, the number of residents and registered voters, and the need to eliminate the cost of conducting elections. Below is the composition of the board, their positions, and terms of office as of November 1, 2008:

Board Member	Title	Term
Mentie B. Hazelett	Director	2009
Joseph Morris, Jr. (Appointed 12-14-2005)	Director	2009
Lawrence Alf	President	2011
Irene L. Koch	Director	2011
Ramon A. Rodriguez	Director	2011

Board hearings are held on the second Wednesday of each month at 6:00 p.m. at the District office. Agendas are posted 72 hours prior to regularly scheduled hearings and 24 hours prior to special hearings. As described in the Financial Section for Daggett, it does not operate with an annual balanced budget or an appropriations limit. As for staff, the District employs a general manager/treasurer, water operator, and fire staffing includes the following volunteers: six fire personnel including an appointed fire chief and assistant fire chief.

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.

Daggett 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 Interstates 15 and 40.

- 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, 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 one-third 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:

Daggett CSD provides water to the populated center within its boundaries. Since 1984 Daggett CSD has been providing water service 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 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 Interstates 15 and 40 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

Daggett CSD generally meets the water needs of the community by the level of service provided. However, no water plans or studies were provided, therefore the quality of the facilities could not be determined.

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. Daggett 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 continual transfer of funds for Daggett CSD from the other funds, including the enterprise activity of the District, to the fire activities could result in decrease in the level of service of both the other services and fire protection services.

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 and water charges. 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 and budgets. 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 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 and 40 corridors, Barstow-Daggett Airport, agriculture, power industries, the Marine Corps Yermo Annex, and the Silver Valley Unified School District.

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 Daggett Community Services District shall be limited to the following:

	FUNCTIONS	**SERVICES**
Daggett Community Services District	Water	Retail, wholesale, domestic, industrial, irrigation, fire protection, sanitation
	Fire Protection	Structural, watershed, suppression, prevention
	Streetlighting	Streetlighting
	Park and Recreation	Local park development, operation, maintenance

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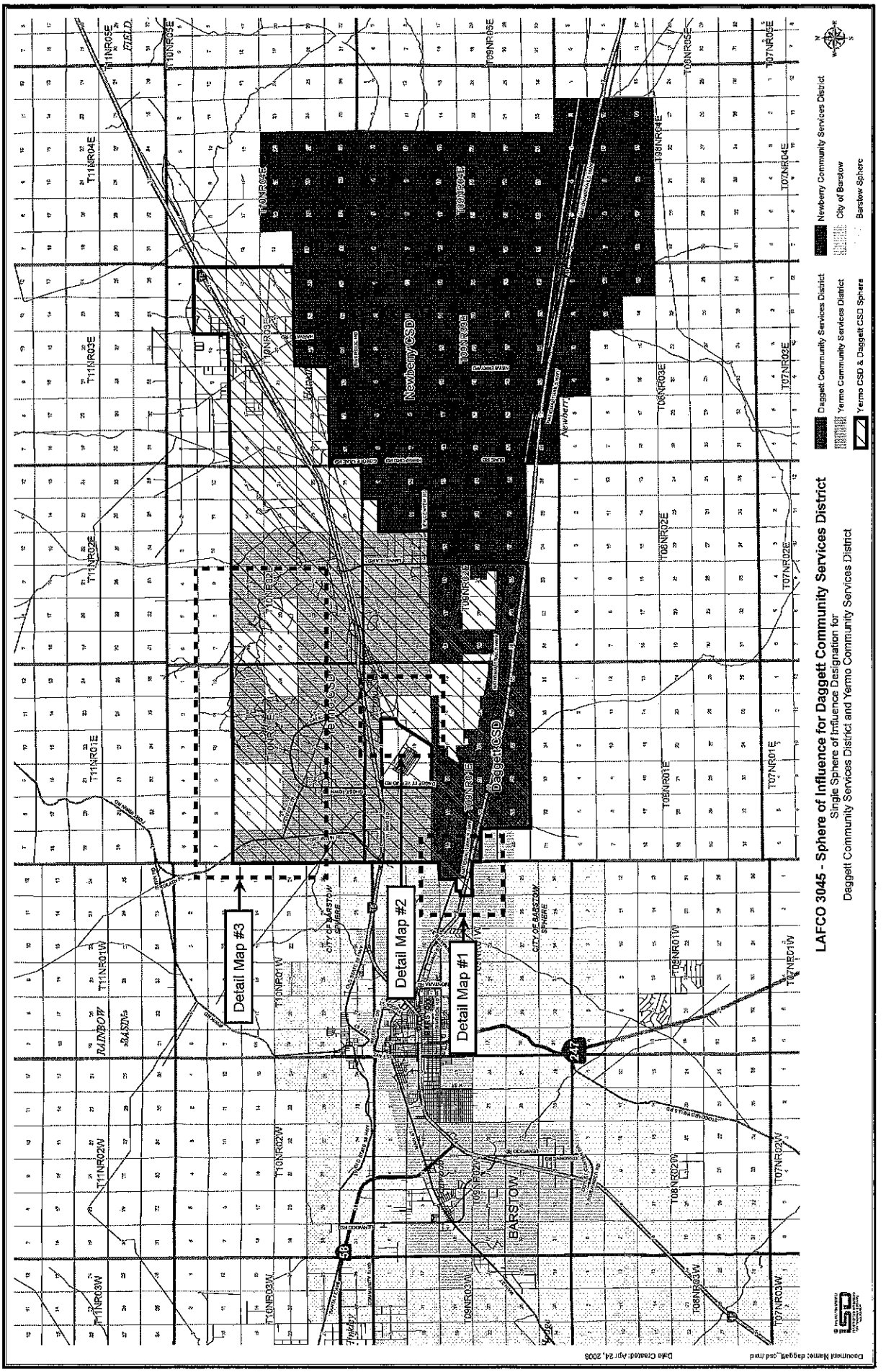
STATE OF CALIFORNIA)
) **ss.**
COUNTY OF SAN BERNARDINO)

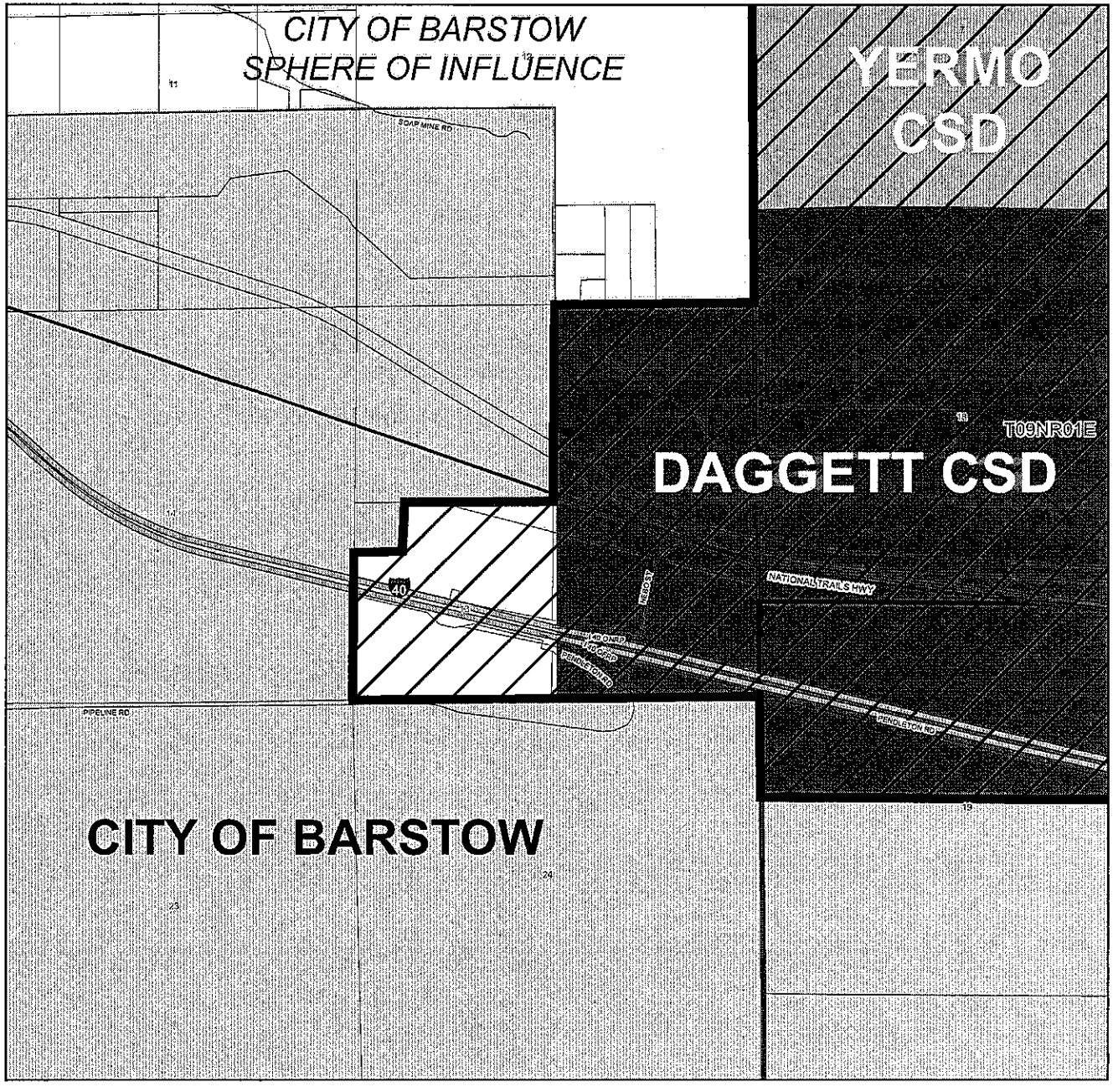
I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission of the County of San Bernardino, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission, by vote of the members present, as the same appears in the Official Minutes of said Commission at its meeting of July 15, 2009.

DATED: July 16, 2009

KATHLEEN ROLLINGS-McDONALD
Executive Officer



LAFCO 3045 - Sphere of Influence for Daggett Community Services District
Single Sphere of Influence Designation for
Daggett Community Services District and Yermo Community Services District



LAFCO 3045 - SPHERE OF INFLUENCE FOR
DAGGETT COMMUNITY SERVICES DISTRICT

DETAIL MAP # 1

Yermo CSD

Daggett CSD

City of Barstow

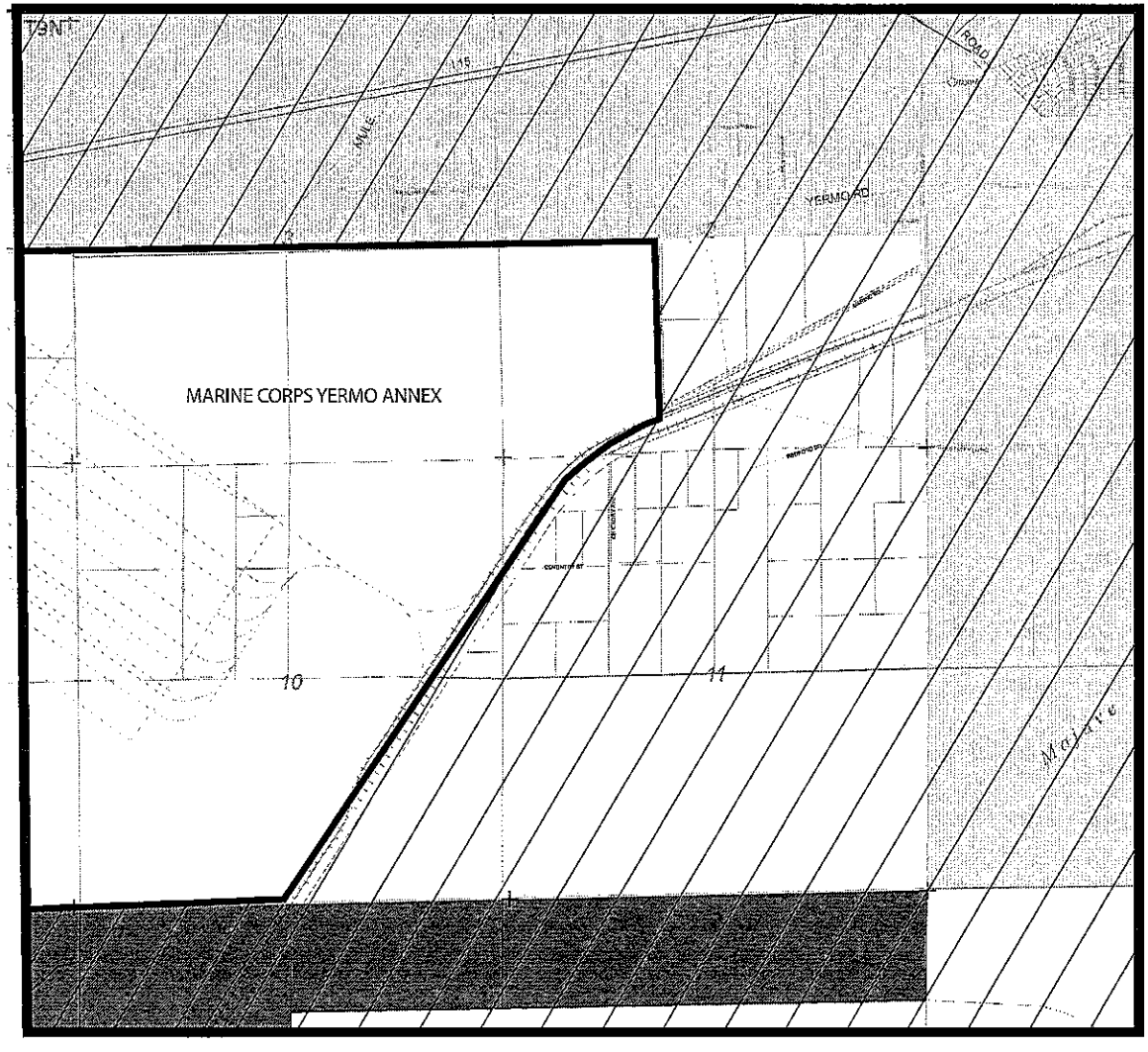
Yermo CSD and Dagget CSD Sphere

Barstow Sphere

EXHIBIT A-1

EXHIBIT A-1

LAFCO 3045 - Sphere of Influence for Daggett Community Services District - Detail Map #2



Daggett CSD Boundary

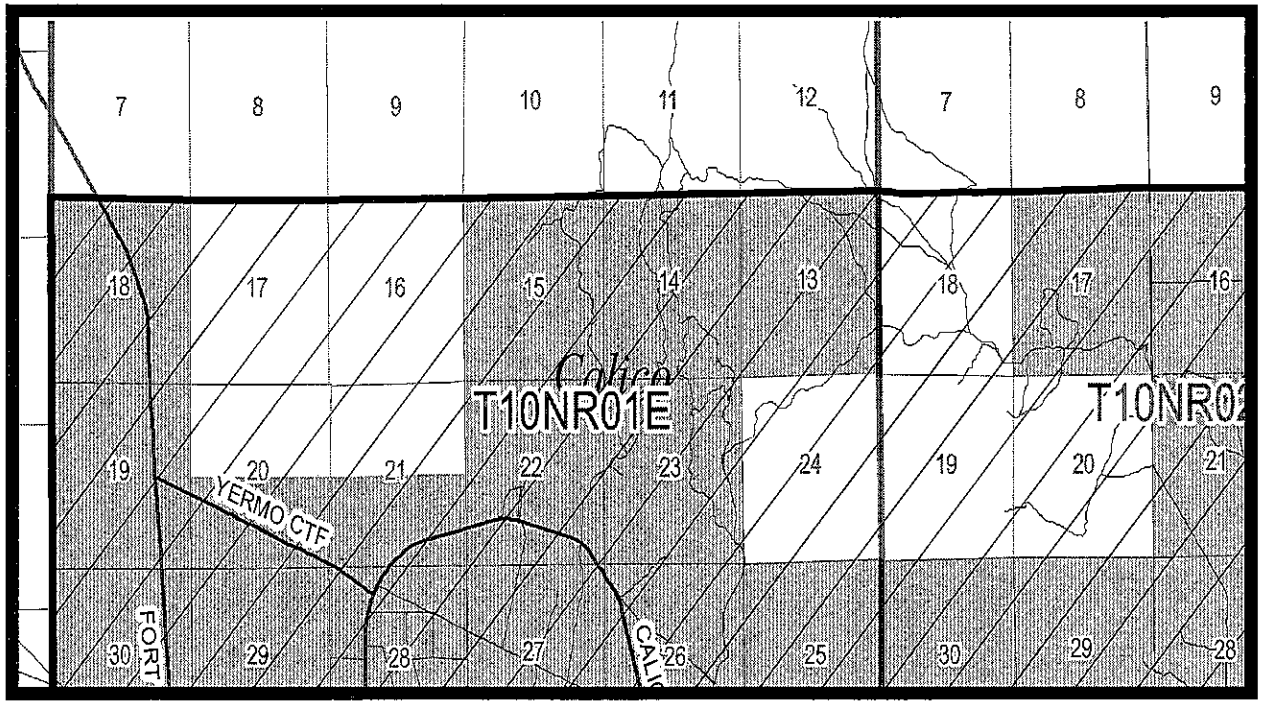
Yermo CSD Boundary

Yermo CSD & Daggett CSD Sphere

EXHIBIT A-2

EXHIBIT A-2

LAFCO 3045 - Sphere of Influence for Daggett Community Services District - Detail Map #3



Yermo CSD Boundary

Yermo CSD & Daggett CSD Sphere

EXHIBIT A-3

EXHIBIT A-3