

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

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PROPOSAL NO.: LAFCO 3020

HEARING DATE: July 18, 2007

**RESOLUTION NO. 2967**

**A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3020 -- A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 9 (a sphere of influence reduction to a zero sphere of influence for the District).**

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

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

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

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

**WHEREAS**, a public hearing by this Commission was called for May 16, 2007 and continued to June 20, 2007 and July 18, 2007, at the time and place specified in the original notice of public hearing and in any order or orders continuing the hearing; and,

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

**WHEREAS**, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that this service review and sphere of influence update are statutorily exempt from CEQA and such exemption was adopted by this Commission on May 16, 2007. The Clerk was directed to file a Notice of Exemption within five working days of its adoption; and,

**WHEREAS**, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence for County Service Area 9 shall be reduced to a "zero" sphere of influence, with the understanding that as a part of the proposal for formation of the Phelan Pinon Hills Community Services District dissolution of this agency is

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contemplated and the designation of the Phelan Pinon Hills Community Services District as the successor agency for the services of County Service Area 9; 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 May 5, 2007 and received and filed by the Commission on May 16, 2007, a complete copy of which is on file in the LAFCO office. The following is a synopsis of those determinations:

- **Infrastructure Needs and Deficiencies:**

At the May 16, 2007 hearing, information was provided that CSA 9 provided funding for 108 streetlights within the community and the operation and maintenance of the park located at the corner of Sheep Creek Road and Warbler. However, during the interim between hearings, it has been determined that CSA 9 was funding 92 streetlights, four of which were the responsibility of other entities. This service delivery issue has been resolved by County Special Districts Department staff. It was indicated that the park development was through the receipt of a Proposition (Prop.) 12 grant from the State and County General Fund revenues, with ongoing maintenance and operation a function of the property tax revenues of CSA 9.

- **Financing Opportunities and Constraints:**

The ad valorem property tax revenues which are attributable to CSA 9 for Fiscal Year 2006-07 are \$50,513, which support the streetlighting service (88 streetlights) and the park and recreation services for operation of the park dedicated in November 2004. In the municipal service review materials it outlined that the District had an outstanding loan of \$80,000 from the County's CSA Revolving Loan Fund, which had a ten-year term, for its matching fund obligation for the Prop. 12 Grant for park installation. This obligation has been repaid.

The cost for administration and operation of the District's park and its streetlights exceeds the annual ad valorem property tax revenue of the District. The municipal service review materials identify the need to identify new revenue sources in order to maintain existing levels of service in the future.

- **Cost Avoidance Opportunities:**

It was identified that CSA 9 has no direct employees but participates in the pooled resource of County Special Districts Department personnel. However, in the interim LAFCO staff has learned that CSA 9 has extra-help support, equivalent to 1.17 full-time equivalent units, in order to maintain the park and to provide for the senior programs. This is an administrative charge to the District. Upon a successful election for formation of the Phelan Pinon Hills CSD, which includes the dissolution of CSA 9, the employee(s) of CSA 9 will be transferred to the new agency. In addition, CSA 9 is billed for the costs for administrative support through an annual allocation of full-time equivalent units and direct payment for Special District Department administrative costs.

- **Local Accountability and Governance:**

The governing body of CSA 9 is the County Board of Supervisors, which utilizes the Phelan Municipal Advisory Council as the advisory commission for this CSA. Its membership is appointed to four (4) year fixed terms.

- **Other Governmental Service Options:**

County Special Districts staff in preparing the municipal service review indicated that there were no consolidations or other activities available for the operation of CSA 9. However, LAFCO 3070 initiates the reorganization to consolidate CSA 9 with the other Board-governed agencies within the Phelan/Pinon Hills

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communities into a single, independent community services district to achieve local control and a single administrative entity for these services.

Staff found no other factors outlined within Government Code Section 56430 relevant to the municipal service review/sphere of influence update for CSA 9.

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

1. Present and Planned Land Uses:

County Service Area 9 serves the community of Phelan, generally defined by the eastern portion of the Phelan Community Plan, providing streetlighting and park and recreation services actively. CSA 9 is authorized the function/service of road maintenance; however, this service is not currently provided through CSA 9 within the community. The present and planned land uses within the District are defined through the Phelan Community Plan and San Bernardino County General Plan, administered by the County and includes a range of residential, commercial and industrial uses, with large areas available for development.

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

There is no long term Master Plan for recreational services for the Phelan community. However, the Special District's Department, on behalf of CSA 9 and CSA 56 Zone F-1, has secured a Prop 40 grant for approximately \$500,000 to build a new park facility. Growth within the community supports the need for additional regional recreation facilities. No other information was provided on park plans within the community. Streetlighting services are dependent upon need as identified by the County Land Use Services Department through consideration of development proposals within the community.

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

The Annual Independent Audit for CSA 9 indicates that the District currently expends more resources than it receives in revenues. New revenue sources will need to be identified for the ongoing operation of the District services, park and recreation and streetlighting, whether provided by the new Phelan Pinon Hills CSD or CSA 9. There are no development impact fees charged by the County for the acquisition of additional park sites; however, property tax revenues are received by CSA 9 to fund its operations.

4. Social & Economic Communities of Interest:

The residents of the Phelan community share social and economic interests within their community and within the larger Phelan Pinon Hills community as defined by the Phelan Community Plan adopted by the County Board of Supervisors on March 17, 2007. The community of interest has, in the past, been defined by exclusion from the community sphere of influence defining Adelanto, Victorville and Hesperia.

5. Other Findings:

- A. Notice of the original hearing was published as required by law in The Sun and the Daily Press, newspapers of general circulation in the area. As required by State law and Commission policy an 1/8<sup>th</sup> page legal ad was provided for this consideration.
- B. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination; and,

**WHEREAS**, pursuant to the provisions of Government Code Section 56425(h) the range of services provided by County Service Area 9 shall be limited to the following:

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CSA 9 (Phelan)

Streetlighting

Streetlighting

Roads

Road maintenance (Activated December 17, 1997)

Park and Recreation

Park and recreation (Activated December 17, 1997)

and such range of services shall not be changed unless approved by this Commission; and,

**WHEREAS**, having reviewed and considered the findings as outlined above, the Commission determines that a "zero" sphere of influence for County Service Area 9 is appropriate, signaling the Commission's position that the District should be dissolved and its assets, responsibilities, and obligations transferred to the newly formed Phelan Pinon Hills Community Services District.

**NOW, THEREFORE, BE IT RESOLVED** by the Local Agency Formation Commission of the County of San Bernardino, State of California, that this Commission shall consider the sphere of influence for County Service Area 9 to be a "zero" sphere, 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 County Service Area 9 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 designation of a "zero" 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, Pearson, Hansberger, Nuaimi, Colven, Biane, McCallon**

**NOES: COMMISSIONERS: None**

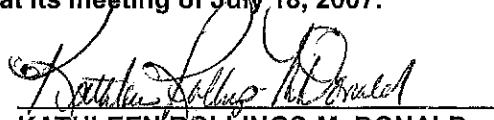
**ABSENT: COMMISSIONERS: None**

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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 18, 2007.

DATED: July 19, 2007

  
KATHLEEN ROLLINGS-McDONALD  
Executive Officer