

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

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DATE: NOVEMBER 12, 2002
FROM: JAMES M. RODDY, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: **Agenda Item #9**—LAFCO #2906: Service Review and Sphere Of Influence Update for the City of Fontana

INITIATED BY:

San Bernardino Local Agency Formation Commission

RECOMMENDATION:

1. Determine that LAFCO #2906 is statutorily exempt from environmental review, and direct the Clerk to file a Notice of Exemption within five days;
2. Make findings related to a service review required by Government Code Section 56430, and determine that the existing sphere of influence for the City of Fontana should not be changed; and,
3. Adopt LAFCO Resolution #2762 setting forth the Commission's findings and determinations on this issue.

BACKGROUND INFORMATION:

This proposal was initiated by the Local Agency Formation Commission in response to new state mandates requiring service reviews and sphere of influence updates for all cities and special districts on a rotating five-year schedule. LAFCO #2906 is a routine, non-controversial service review and sphere of influence update for the City of Fontana.

Attached for Commission review is the response from the City of Fontana to the factors required by Government Code Section 56430 for the conduct of service reviews. For the sake of brevity, those responses are not duplicated in this report, but are instead contained within the City's response and the draft LAFCO Resolution (#2762, which is also attached for Commission review).

The important points are that the City of Fontana is not proposing any changes to its sphere of influence (which has been periodically reviewed and updated several times over the last two decades); further, the City indicates that it does not anticipate submission of any sphere of influence amendments within the next five years. The City Council has considered the response to the service review factors in a public hearing, and concurs with staff findings that no sphere amendments will likely be contemplated in the foreseeable future.

It should also be noted that none of the adjacent or overlaying agencies have identified any concerns with the existing sphere of influence of the City of Fontana. Again, the reader is referred to the written response from the City of Fontana for further discussion of the sphere/service review findings.

CONCLUSION:

Based on the response from the City of Fontana, staff recommends that the Commission uphold and affirm the existing sphere of influence for the City, on the basis that there is no apparent rationale for any sphere amendments. In addition, staff recommends that the Commission adopt Resolution #2762 which sets forth written responses to the statutory factors related to services reviews and sphere of influence studies.

Staff also wishes to commend the City of Fontana for its responsive and thorough replies to the service review and sphere study factors of consideration.

Attachments:

1. Response from the City of Fontana
2. Draft Resolution #2762
3. Response from Tom Dodson and Associates

**RESPONSE FROM THE
CITY OF FONTANA**

Attachment 1



City of Fontana

CALIFORNIA

July 22, 2002

James M. Roddy
Executive Officer
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

RECEIVED

JUL 24 2002

LAFCO
San Bernardino County

Dear Mr. Roddy:

RE: Sphere of Influence Review and Municipal Service Review Survey

At its meeting on July 16, 2002, the Fontana City Council considered the responses to the survey being conducted by the Local Agency Formation Commission. The purpose of the survey was to perform a review of the City's sphere of influence, and a review of its municipal services. Through this action, the City Council has also directed its staff to file the enclosed response with LAFCO. Per LAFCO's requirement, a \$500 filing fee is provided.

Should you have questions on this correspondence, please do not hesitate to contact Cecilia Lopez-Henderson, Senior Administrative Analyst, at (909) 350-6743.

Respectfully,

FRANK A. SCHUMA
Director of Community Development

CLH:

Enclosures:

- (1) City Response to LAFCO Survey
- (2) Filing Fees

CITY COUNCIL ACTION REPORT
July 16, 2002

FROM: Community Development Department

SUBJECT: To request the City Council to review the response to the Local Agency Formation Commission's survey for a sphere of influence review and municipal service review.

RECOMMENDATION:

NOTE THAT THE CITY COUNCIL HAS REVIEWED THE RESPONSE TO THE SAN BERNARDINO LOCAL AGENCY FORMATION COMMISSION'S SURVEY FOR A SPHERE OF INFLUENCE REVIEW AND MUNICIPAL SERVICE REVIEW, AND DIRECT STAFF TO FORWARD TO LAFCO.

COUNCIL GOALS:

To promote economic development by aggressively pursuing annexations through the review of the City's sphere of influence and its municipal services.

DISCUSSION:

In 2001, legislation was effective mandating Local Agency Formation Commissions (LAFCOs) to perform sphere of influence reviews every five years for each city and special district within its purview. In addition, a review of the services provided by a city or special district would also be required in conjunction with a sphere review. The purpose of a sphere review is to provide a planning tool to guide individual proposals involving jurisdictional changes, such as, annexations, detachments, or reorganizations. On the other hand, the purpose of a municipal service review is to determine the adequacy of the governmental services being provided in the region or sub-region.

Therefore, in light of this new responsibility, the San Bernardino LAFCO has started its mandated five-year sphere and municipal service review program by preparing a series of questions in the form of a survey. The survey covers both types of reviews for each city and special district within its purview. The cities and special districts that are located in the western portion of San Bernardino County will be completed first, and then LAFCO will move on to the valley, mountains, and desert areas.

In response to the sphere of influence review, City staff has indicated that an amendment to its sphere will not occur within the next five years. However, the review of the City's sphere at this time does not preclude the City from initiating a sphere review in less than five years. It basically permits LAFCO to complete its mandated sphere and service review program for all the cities and special

ITEM: NB - B

districts within its purview (24 incorporated cities; 52 independent special districts).

In response to the service review survey, City staff has prepared responses that generally outline the City's services. The primary categories for a service review are as follows: (1) Infrastructure needs and deficiencies; (2) Growth and population; (3) Financing opportunities and constraints; (4) Cost avoidance opportunities; (5) Rate restructuring; (6) Opportunities for shared facilities; (7) Government structure options; (8) Evaluation of management efficiencies; and (9) Local accountability and governance. Attached for City Council review is a copy of the staff's responses prepared for this survey.

LAFCO's consideration of the City's sphere and municipal service review is tentatively scheduled for the September or October LAFCO hearing. In conjunction with this review, the Central Valley Fire Protection District (County Fire) will be conducted at the same time. (The Fire Protection District is also responding to LAFCO's survey.) The City staff will be notified of the date, time, and place of the public hearing to be held by LAFCO.

FISCAL IMPACT:

None.

MOTION:

APPROVE STAFF RECOMMENDATION.

SUBMITTED BY:



Frank A. Schuma
Community Development Director

RECOMMENDED BY:



Kenneth R. Hunt
City Manager

ATTACHMENTS:

City Response to LAFCO's Sphere/
Service Review Survey

CITY OF FONTANA RESPONSE TO LAFCO
SPHERE OF INFLUENCE REVIEW
AND SERVICE REVIEW SURVEY

Sphere of Influence

Does your agency anticipate any sphere of influence amendments that might be proposed over the next five years?

The City of Fontana does not anticipate proposing a sphere of influence amendment within the next five years.

Service Review

I. Infrastructure Needs and Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies of a jurisdiction in terms of capacity, condition of facility, service quality and levels of services and its relationship to existing and planned service users.

1. Capital Improvement Plans/Studies

The City of Fontana Seven Year Capital Improvement Program (CIP) was adopted in June 2002 and outlines the City's current and future capital improvement needs. Capital improvement projects are administered through the Community Development Department – Engineering Division, the Redevelopment Agency, and the Public Services Department. A copy of the Capital Improvement Program is available upon request.

2. Master Service Plans/Studies

The City's master service plans are found in various adopted plans: General Plan, Circulation Master Plan, Sewer Master Plan, Recreation and Park Plan, and Capital Improvement Program. Copies of each plan are available upon request.

3. Water Service Plans/Studies

a) *Supply and demand information:* The Fontana Water Company, private purveyor, provides service within a majority of the City of Fontana's corporate boundaries and within the City's unincorporated sphere of influence. Please refer request for information to Fontana Water Company.

4. Sewer Service Plans/Studies

a) *Capacity and demand information:* The City of Fontana has included the unincorporated Sphere of Influence of Fontana within its Master Plan of Sewers, as well as its 10-year flow projections to the Inland Empire Utilities Agency (IEUA). The City contracts for treatment services and IEUA's Master Plan of Sewers included all future flows from these areas. The City currently discharges 11 million gallons a day and ultimate flows are expected to be 33+ MGD by the year 2030. Adequate capacity is available to meet current flows. The City Seven-Year Capital Improvement Program will address forecasted growth and infrastructure needs. A copy of the City's CIP is available upon request.

5. Age and Condition of Facilities

a) *Water supply and distribution system:* Please refer to the Fontana Water Company for this information.

b) *Wastewater collection and treatment:* The City of Fontana owns, operates and maintains the sewer collection system. The City sewer system was built in 1958 and development continues to add portions on a yearly basis. The system is in good operating condition and maintained properly.

The City receives treatment services from IEUA at two (2) regional water reclamation facilities, RP-1 and RP-4. RP-1 was constructed in the 1950s and is being renovated to meet today's standards, and RP-4 was constructed and put into operation in 1998.

6. Capacity Analysis (Sewer)

a) *Number of service units available:* Capacity is available to handle a projected growth of 1,000 Equivalent Dwelling Units (EDUs) per year.

b) *Number of service units currently allocated:* The number of service units currently allocated is approximately 40,740 EDUs.

c) *Total number of service units within agency boundaries:* The projected number of ultimate users is approximately 144,440 EDUs.

7. Future Development (Sewer)

a) *What additional infrastructure is needed?* The City will build additional trunk mains within the City's unincorporated sphere of influence per the City's Master Sewer Plan.

b) *Description of additional facilities.* See the City's Master Sewer Plan. A copy is available upon request.

c) *How will they be funded?* To fund the additional facilities, capital fees, state revolving loan fund, and bonds will be utilized.

d) *Is there a schedule for improvement?* A schedule has not yet been developed.

8. Reserve Capacity

a) *What is the policy?* A City policy has not yet been adopted.

II. **Growth and Population**

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

1. Population Information

a) *Existing and projected:* Based on the 2000 census data, the City's population was 128,929. The City's estimated population on January 1, 2002 is 139,136. The City's projected population is over 200,000 and is calculated by using a formula found in the 1990 Fontana General Plan. This projection is based on an average household size of 3.78 persons with an emphasis toward larger homes, and the theoretical development capacity at 100% build-out. (Note: The 3.78 figure is derived from the 2000 census data.) See the Land Use Element of the Fontana General Plan for additional information. A copy of the City's general plan is on file with the LAFCO office.

2. General Plan

a) *Excerpts regarding existing and projected growth:* In 1990, the City's existing population was at 87,535, with 26,385 housing units. Based on the 1990 Fontana General Plan, the City's projected growth is shown as reaching 65,000 units. This projected growth is based on the total number of units that could be constructed if development proceeded

at the threshold densities outlined in the Land Use Element of the City's General Plan. A copy of the Fontana General Plan is on file with the LAFCO office.

b) *Other.* The City of Fontana is preparing an update to its general plan. The anticipated completion and adoption of the document is expected in the summer of 2003.

3. Identify Significant Growth Areas

Several of the City's significant growth areas lie on the north side of Baseline Avenue, which includes residential and some commercial and industrial development. In addition, other significant growth areas lie within the City's northern sphere of influence. A recent annexation to the City located northwesterly of the I-15 Freeway is the Coyote Canyon Specific Plan Area, which includes up to 650 single-family units, park site, and proposed fire station. Additional proposed annexation areas lie immediately to the east of this specific plan area.

III. **Financing Opportunities and Constraints**

Purpose: *To evaluate factors that affect the financing of needed improvements.*

1. Finance Plans

a) *Service upgrades:* The City's adopted Capital Improvement Plan outlines the approximate location, size, timing and estimated costs of all facilities or improvements. The development and financing of these projects would depend on available funding. The City has an adopted fee program that covers the following categories: circulation, storm drain, fire, police, public facilities, library, landscape, flood control, and sewer. In addition, the City collects a pass through fee on behalf of the Inland Empire Utilities Agency (IEUA) for its sanitary sewage facilities expansion fee.

b) *Capacity improvements:* The City's CIP projects are grouped into one of the following categories: Robert W. Weddle CIP, street improvements, traffic, sewer improvements, flood control and storm drainage, open space and recreation, public buildings, technology, and other capital project improvements.

c) *Revenue source:* The City's revenue sources are as follows: property tax, utility users tax, sales tax, sewer fees, development fees, motor vehicle in lieu fees, grants, community facilities districts, redevelopment project area funds, and other general revenue sources. (The

utility users tax will be phased out for residents on June 30, 2004 and for businesses on June 30, 2009.)

2. Bond Rating

The City has no outstanding general obligation bonds; however, the City received a credit rating of (A-) from Standard and Poors. The issuer credit rating (ICR) of A- reflects a strong financial performance and a diverse, growing tax base.

3. Joint Financing Projects

a) *Does agency participate?* The City participates in joint capital improvement projects with the County of San Bernardino, and joint signal maintenance agreements with the State of California, the Counties of San Bernardino and Riverside, and the Cities of Rancho Cucamonga and Ontario.

b) *What are policies?* There are no City policies on file for joint financing projects.

4. Revenue Sources

a) *Identify:* The City's major recurring revenue sources include: sales taxes, motor vehicle in lieu fees, utility users taxes, franchise fees, development and business related fees, and other general revenue sources. (The utility users tax will be phased out for residents on June 30, 2004 and for businesses on June 30, 2009.)

b) *Can they be expanded?* The City maintains a legislative lobbyist and legislative City team to monitor new sources of revenue, such as, grant applications.

IV. **Cost Avoidance Opportunities**

Purpose: *To identify practices or opportunities that may help eliminate unnecessary costs.*

1. Overlapping/Duplicative Services

The City's participation in joint capital improvement projects does encourage coordination with other local governmental agencies, and funds from several agencies decreases the need to rely solely on one funding source. However, depending on the size and scope of the project, a duplication of effort (staff time) can occur over the life of the project.

2. Joint Agency Practices

a) *Identify:* The City participates in joint capital improvement projects with the County of San Bernardino, and joint signal maintenance agreements with the State of California, the Counties of San Bernardino and Riverside, and the Cities of Rancho Cucamonga and Ontario.

b) *Reduce costs?* The reduction of costs in joint capital improvement projects may be obtained by carefully monitoring the assignments to staff by the various public agencies, developing a comprehensive tracking system for the project, and maintaining a monthly meeting schedule to update the various participants in the project.

3. Rely on Other Agencies

a) *Administrative functions:* The City does not rely on other agencies for its administrative functions.

b) *Grant management:* Individual City departments apply and manage the grant funds. The City, however, does contract with the firm of Randall Funding and Development (Sausalito, California) for researching new grants.

c) *In-house cost vs. outside cost:* Since individual City departments apply and manage the grant funds, in-house costs are absorbed by the individual city departments.

4. Growth Management Strategies

a) *Strategies for directing growth:* The City's strategies for directing growth are in several key areas: (1) Capital improvement projects, such as widening streets, installation of curbs, gutters, sidewalks, street lights, sewer, and flood control facilities; (2) right-of-way acquisition to facilitate the capital improvement projects; and (3) annexation of unincorporated areas that are within the City's sphere of influence.

b) *Infill:* The City's Infill Development Incentives Program was created to encourage development within infill areas by reducing development fees in half (does not include sewer or pass through fees). The City's program targets all residential, commercial, and industrial vacant parcels with the exception of vacant parcels within a specific plan or community plan, or those that have a previously approved fee agreement, fee deferral agreement, or development agreement.

The program's incentives include: (1) City development fees reduced by 50%; (2) Minimum home sizes of 1,200 square feet as long as it is consistent with the area (outside the project area the minimum size is 1,500 square feet); and (3) Waiver of the City's requirement to underground utility lines.

c) *Conservation:* The Conservation Element emphasizes the conservation, development and utilization of resources located in the planning area. Resources considered in this section include mineral, water, soils/agriculture, biotic, cultural and archaeological, energy and waste stream resources. The Conservation Goals and Policies are found in Section 10 of the Fontana General Plan. A copy of the City's General Plan is on file with the LAFCO office.

d) *Annexation policies:* The City's policy is to "pursue annexations which serve to promote the balance of the community, quality development, and improvement of the City's economic base." The City's annexation policy is found in the Land Use Element of the Fontana General Plan. A copy of the City's General Plan is on file with the LAFCO office.

5. Level of Service

a) *Meets or exceeds customer needs?* The City Council's policy is to invest a minimum of 10% of the General Fund operating budget into the capital reinvestment program for growth and rehabilitation of City Infrastructure. This commitment is reflective of the overall goal of meeting citizens' needs as defined within the Seven Year Capital Improvement Program adopted June 2002.

b) *Customer satisfaction:* Each City Department has a specialized format in which to sample the service level rating within its clientele. There are customer service rating forms available at the public counters, the departments provide direct mail requests for service ratings, and there is access through the City's website (www.fontana.org). The overall results of sampling indicate a high degree of satisfaction within the sample groups.

6. Per-Unit Service Costs

a) *Identify:* The City per-unit service costs are found in the City's Comprehensive Fee Schedule. On an annual basis, the City's fees are reviewed and recommendations are presented to the City Council. These recommendations are for new fees or revision/deletion of existing

fees. The City's Comprehensive Fee Schedule can be obtained on the City's website (www.fontana.org) or a hard copy is available upon request.

b) *Comparison with others:* The City's User Fees are based upon a cost analysis of the services provided by the City. On an annual basis, the City's fees are compared with other similar agencies and recommendations are made to the City Council for review and adoption.

V. **Rate Restructuring**

Purpose: To identify opportunities to positively impact rates without decreasing service levels.

1. Rates

a) *Use of consumer price index?* The special taxes generated within Community Facilities District No. 1 (within Southridge Specific Plan area) may be increased up to 5% or increased by the use of the Consumer Price Index, whichever is less. The services provided through CFD No. 1 provides for police, fire, and landscape maintenance.

b) *Identify ways to compare rates:* The City uses an informal process to identify ways to compare rates, such as, contacting cities, and using the American Society of Public Administrators as a resource for information.

c) *Identify current rates and plans, if any, for rate changes:* The City collects sewer expansion fees for the treatment of wastewater and passes these fees on to the Inland Empire Utilities Agency (IEUA). The IEUA rates may change from year to year. To avoid fluctuating rates for customers receiving sewer service, a fluctuation factor is built into the City sewer rate to cover increases approved by the IEUA. The overall rate remains the same and the overall sewer rate remains stable. Due to the built-in fluctuation factor, the City has not had an increase in its sewer rate for about eight years. The City does not anticipate any new rate changes.

VI. **Opportunities for Shared Facilities**

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

1. Shared Facilities

a) *Existing – flood, parks, groundwater storage, etc.* The City does not share facilities for any flood, parks, or groundwater storage.

b) *Future opportunities/options:* Future opportunities or options for shared facilities may be found through enhanced service for street maintenance and flood control within unincorporated areas of the City sphere of influence. The City has the staffing levels to perform the work, and its services are more easily extended because of their proximity to these unincorporated areas.

2. Duplication of Facilities

- a) *Existing duplication?*
- b) *Planned/future duplication?*
- c) *Excess capacity available to outside customers*
- d) *Productivity ratings, if any, for staff*

The City does not have any existing duplication of facilities; therefore, the items listed above are not applicable.

VII. Government Structure Options

Purpose: *To consider the advantages and disadvantages of various government structures to provide services.*

1. Agency Recommendation

a) *Government structure options:* The island provisions outlined in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 should be revised to delete the acreage limitation on an unincorporated island of territory. The revisions to the bill should be a joint effort by the city, county, and the Local Agency Formation Commission in sponsoring the changes to the Act.

b) *Benefits to customers:* By "squaring off" the City boundaries, the delivery of City services can be made more efficient and effective by providing clear boundaries for emergency personnel, City staff, and the public.

2. Hurdles to Consolidation/Reorganization:

The islands of unincorporated territory that are surrounded by the City's boundaries are too large in size to fit the criteria outlined in the island provisions of the Cortese-Knox-Hertzberg Act.

3. Recommended Options

a) *Benefit to customers:* Same as No. 1 (b) noted above.

b) *Services to be provided:* By squaring off the City boundaries, City services will be provided consistent with the municipal services now provided within the City's limits.

VIII. Evaluation of Management Efficiencies

Purpose: To evaluate whether organizational changes to governmental structure can be made to improve the quality of public services in comparison to cost.

1. Training Opportunities

The on-going training of employees is performed on a department-by-department basis through the use of workshops, conferences, and memberships in professional associations. In addition, training for general interest courses or mandatory employee training is coordinated through the City's Human Resource Department.

2. Staffing Levels

Based on the City general fund, the City historical ratio for staffing levels has ranged from 2.4 to 2.7 employees per 1,000 residents. The average ratio used by cities is seven to ten employees per 1,000 residents. The City goal, however, is to maintain five employees per 1,000 residents. The City's positions that are funded through the general fund do not include the police department's ratio of 1.2 officers per 1,000 residents.

3. Technology

a) *Billing Systems:* The City maintains billing systems for sewer, business licensing, weed abatement, and miscellaneous receivables. In addition, the City has established a billing process for residential false alarms.

4. Budget

a) *Policies:* The policies of the budget are derived by City Council direction and developed into policy guidelines, which are presented to the City Council for review and adoption at a public hearing.

b) *Preparation/public involvement:* The budget is prepared by the City's Management Services Department. The public is encouraged to review the draft budget by accessing the City's website, purchasing the budget on disc, or requesting a hard copy. In addition, public comments on the City budget are encouraged in written or oral communication.

c) *Analysis – revenues/reserves/expenditures:* The analysis of City revenues/reserves/expenditures is done through the preparation of the City's operating budget. The operating budget covers the General Fund, Other City Funds, the Redevelopment Agency, and the Housing Authority.

5. Joint Powers Agreements

a) *Identify and describe:* The City participates in joint capital improvement projects with the County of San Bernardino, and joint signal maintenance agreements with the State of California, the Counties of San Bernardino and Riverside, and the Cities of Rancho Cucamonga and Ontario.

IX. **Local Accountability and Governance**

Purpose: To evaluate the accessibility and levels of participation associated within the agency's decision-making and management processes.

1. Governing Body

a) *Selection Process:* The selection of members on the Fontana City Council is done at an election held every two years for four-year terms. The mayor is elected for a four-year term. Fontana's form of government is city manager oriented.

b) *Representation (Districts, area-wide):* The members on the Fontana City Council are selected on an area-wide basis.

c) *Frequency of meetings:* The Fontana City Council meets twice a month, at 7 p.m. on the 1st and third Tuesdays.

d) *Brown Act compliance:* In compliance with the Brown Act, the City Council's agenda is posted 72 hours prior to its regularly scheduled meetings. The agenda is posted outside the City Council Chambers and outside the front door of City Hall.

e) *Number of elections over last decade:* The number of elections held over the last 10 years is six, which includes a special election for the utility users tax.

2. Customer Feedback:

a) *Surveys:* Surveys have been conducted by the City's Community Development Department, Management Services Department, and the Police Department. The surveys have been mailed, or, survey cards have been provided at the front counter inside City Hall. Customer comment forms are also available on the City's website as well.

b) *Complaint tracking:* The individual departments track and respond to complaints as they are filed. For example, code enforcement violations are entered into a database and follow up is conducted by the assigned code enforcement officer. In addition, the Public Services Department responds to complaints on potholes, graffiti, or sprinkler problems, and a work order is generated to address the complaint.

3. Access

a) *Hours:* City Hall is open Monday through Friday, 8:00 a.m. to 5:00 p.m.; employees work a 9/80 schedule. Due to the energy crisis and the necessity to reduce the City's backlog of projects, City Hall will be closed every Friday from June through September 2002; employees have the option of working a 4/10 or 9/80 work schedule.

b) *Newsletters:* Currently, various City departments provide newsletters affecting their individual departments, such as, Community Services, Police, Housing and Business Development, and Community Development. The City Redevelopment Agency, however, has hired a public information specialist who will coordinate newsletters, press releases, and public announcements.

c) *Website:* The City maintains a website, which is updated regularly by its Information Services Division. Please refer to www.fontana.org to view the City's website.

d) *Media coverage:* The newspapers that cover the City's activities are The Sun, Fontana Herald News, and The Press Enterprise.

e) *Cable/public access TV:* Residents can view the City Council meetings on cable television; the cable provider is Adelphia.

4. Regular Progress Reports

a) *Budget – major projects:* The City's budget is adopted annually in the month of June and reviewed and adjusted four times a year. A budget progress report is done quarterly, and a performance report is done monthly and presented to the City Council.

b) *Operations:* The City's operating budget is adopted annually in the month of June and reviewed and adjusted four times a year. As a function of the financial performance report that is prepared in conjunction with the budget progress report, a project update is provided within this report.

c) *Voter participation:* The public is encouraged to review the City budget in advance by accessing the City's website, purchasing the budget on disc, or requesting a hard copy. In addition, copies of the budget are placed at the front counter in City Hall, public libraries, and mailed to those requesting a copy. Public comments on the City budget are encouraged in written or oral communication.

In addition, quarterly meetings are held in all special assessment districts to obtain feedback, respond to questions, and disseminate information concerning citywide activities.

DRAFT
RESOLUTION #2762

Attachment 2

DRAFT

PROPOSAL NO.: LAFCO 2906

HEARING DATE: NOVEMBER 20, 2002

RESOLUTION NO. 2762

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 2906, A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE CITY OF FONTANA.

On motion of Commissioner _____, duly seconded by Commissioner _____, 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 his recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, the public hearing by this Commission was held upon the date and at the time and place specified in the notice of public hearing and in an order or orders continuing the hearing; and,

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

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

RESOLUTION NO. 2762

WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence for the City of Fontana should be affirmed as it currently exists, as more specifically described in maps and legal descriptions on file in the LAFCO staff office; and,

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

1. **Infrastructure Needs and Deficiencies.** A comprehensive capital improvement plan has been adopted by the City setting forth recommendations for a variety of projects. This plan is a seven-year plan that is annually reviewed and updated as part of the City's budget process. The City of Fontana has provided extensive responses to infrastructure issues including capital improvement plans, master service plans, water and sewer plans and facilities, capacity analysis (sewer), age and condition of facilities, future development, and reserve capacity. A copy of the City's response is on file in the LAFCO office (and is attached to the staff report for this item), and a copy of the City's master plan is maintained in City offices.
2. **Growth and Population.** Based on the 2000 census data, the population of the City of Fontana is 128,929. The City's projected population is over 200,000, based on the 1990 Fontana General Plan. Significant growth areas are generally located within the northern portion of the City's sphere of influence. A copy of the General Plan is maintained in the LAFCO staff office and in City offices.
3. **Financing Opportunities and Constraints.** The City receives a share of the general levy of property tax revenue, but the bulk of its revenue is derived from fees for service, sales and use revenue, utility users tax, sewer fees, development fees, state subventions, grants, community facilities districts, redevelopment project funds, and other revenues. Revenues for the City, as is the case for all other local agencies, are constrained by a variety of state laws that govern revenue generation. A complete list of the sources of City revenues is contained within the City budget, which is on file and available for public review in City offices.
4. **Cost Avoidance Opportunities.** The City of Fontana receives water service from the Fontana Water Company within the bulk of its sphere territory, and it receives fire protection and emergency medical services from the Central Valley Fire Protection District. The City of Fontana also takes a cooperative approach and encourages coordination with other local agencies on a variety of projects. Beyond that, the City of Fontana did not identify any specific cost avoidance opportunities relevant to this review.
5. **Rate Restructuring.** The City of Fontana regularly evaluates its cost of services in order to stay in conformance with state requirements and the competitive market place. Copies of the City's rate structures are maintained in City offices and are available for public review. No relevant issues related to this factor were identified by the City of Fontana.
6. **Opportunities for Shared Facilities.** The City of Fontana indicates that future opportunities or options for shared facilities may be found through enhanced service for street maintenance and flood control within unincorporated areas of the City sphere of influence. No other relevant findings related to this factor were identified by the City of Fontana.
7. **Government Structure Options.** The most important governmental structure option is continuation of the City of Fontana's annexation program within its unincorporated sphere. By promoting more logical boundaries, service delivery for both the City and the County of San Bernardino can be made more efficient and effective. No other options for governmental structure were identified by the City of Fontana.

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8. **Management Efficiencies.** The City of Fontana provides for on-going training of employees through the use of conferences, workshops, and memberships in professional organizations. Staffing levels are also continually reviewed, and the current City goal is to maintain five employees per 1,000 City residents to maximize the effectiveness of City services. The City's current staffing level is approximately 2.7 employees per 1,000 residents. The City also identified improved use of technology, programs for public involvement, and various joint powers agreements that have already been implemented as ways to promote management efficiency.

9. **Local Accountability and Governance.** The City is governed by a City Council elected at large, along with a separately elected Mayor, all of which serve four year terms in office. The City maintains a web site, and conforms with provisions of the Brown Act requiring open meetings. In addition, the City provides surveys, newsletters, complaint tracking services, quarterly public meetings within special assessment districts, and requires regular progress reports on City programs and projects.

WHEREAS, the following findings are made in conformance with Government Code Section 56425 and local Commission policy for a sphere of influence update:

1. **PRESENT AND PLANNED LAND USES**

The full range of urban, suburban, and rural land uses are included within the boundaries and current sphere of influence of the City of Fontana. This sphere of influence update and service review have no potential whatsoever to change present or planned land uses within the City sphere, since no changes to the sphere of influence are contemplated. The City of Fontana endorses this approach by indicating that no sphere of influence changes are contemplated within the next five years.

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

No changes to the City sphere of influence are proposed or contemplated through this review. The City has adopted a master plan for service which addresses this issue, and is on file in the City offices.

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

No changes to the City sphere of influence are proposed or contemplated through this review. The City has adopted a master plan for service which addresses this issue, and is on file in the City offices.

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

No changes to the City sphere of influence are proposed or contemplated through this review. The Commission therefore determines that this factor of determination is not relevant to this review, as permitted by Government Code Section 56425.

5. **OTHER FINDINGS**

A. Notice of this hearing has been published as required by law in The Sun and the Fontana Herald News, newspapers of general circulation in the area. As required by state law, individual notification was provided to affected and interested local agencies, County departments, and those individuals wishing mailed notice.

**RESPONSE FROM
TOM DODSON & ASSOCIATES**

Attachment 3

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tstonramp.com



November 3, 2002

RECEIVED

NOV 04 2002

Mr. James M. Roddy, Executive Officer
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

LAFCO
San Bernardino County

Dear Jim:

LAFCO 2906 consists of a service review for the City of Fontana (City) pursuant to Government Code Section 56430 and Sphere of Influence Study Pursuant to Government Code 56425. If approved by the Commission, the service and Sphere review would not result in any change to the services or the Sphere of Influence for the City. Based on the above proposal, it appears that LAFCO 2906 can be implemented without causing any physical changes to the environment or any adverse environmental impacts. The service and Sphere review does not appear to have any potential to alter the existing physical environment in any manner. Since no projects are pending or will occur as a result of approving this review, no physical changes in the environment are forecast to result from approving the action before the Commission.

Without a potential for causing physical changes in the environment, I recommend that the Commission find that a Statutory Exemption applies to LAFCO 2906 under the Section 15061 (b) (3) which states: "A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." It is my opinion, and recommendation to the Commission, that this circumstance applies to LAFCO 2906.

Based on a review of LAFCO 2906 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 2906 does not constitute a project under CEQA and adoption of the Statutory Exemption and filing of a Notice of Exemption is the most appropriate determination to comply with the CEQA process for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 2906 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline sections cited above. The Commission needs to file a Notice of Exemption with the County Clerk to the Board for this action once the hearing is completed.

A copy of this exemption should be retained in LAFCO's project file to serve as verification of this evaluation and as the CEQA environmental determination record. If you have any questions, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink that reads "Thomas Dodson". The signature is written in a cursive style with a large, looped initial 'T'.

Tom Dodson