

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

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PROPOSAL NO.: LAFCO 3021

HEARING DATE: February 20, 2008

RESOLUTION NO. 2993

**A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF
SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3021 – SERVICE REVIEW AND
SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 29**

On motion of Commissioner Cox, duly seconded by Commissioner McCallon, 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 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 plans and proposed changes of organization, objections and evidence which were made, presented, or filed; it received evidence as to whether the territory is inhabited or uninhabited, improved or unimproved; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, in evidence presented at the hearing;

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that this service review and sphere of influence update are statutorily exempt from CEQA and such exemption was adopted by this Commission on February 20, 2008. The Clerk was directed to file a Notice of Exemption within five working days of its adoption;

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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 is affirmed as coterminous with its existing boundaries for County Service Area 29, as depicted on the map attached hereto as Exhibit "A"; 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 February 12, 2008 and received and filed by the Commission on February 20, 2008, 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:

Historically, Lucerne Valley can be characterized as a rural community that has experienced slow growth. From 1990 to 2000, the community population and households grew at an annual rate of roughly one percent. The community had 4,986 residents in 1990 and 5,377 in 2000. Slow growth is anticipated through 2030 with annual growth rates at roughly one percent as well. Utilizing the community's roughly one percent annual growth rate, the community has approximately 5,822 residents in 2008. Furthermore, population and households are anticipated to reach eight and nine percent of build-out by 2030, respectively. However, the projections do not take into account the approved Rancho Lucerne project. This project would have approximately 4,500 housing units with an estimated population of 10,000 at build-out. According to the Community Plan, residents are concerned that growth pressures from the surrounding areas will eventually threaten features of their rural community.

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

The Community Plan indicates that residents are particularly concerned about maintaining their rural lifestyle. Also of concern are sewer improvements, traffic, and circulation.

Water

The most significant regional issue is future water supply. The high growth rate in the region, coupled with a continued overdraft of the groundwater basin, which is the primary source of supply, is an infrastructure deficiency. The groundwater basin is adjudicated under a stipulated judgment that specifies the amount of groundwater that can be extracted by major groundwater producers (those using over 10 acre-feet per year), the purpose of which is to balance water supply and demand and address the groundwater overdraft. Due to the over-draft of the basin, future supplies are limited. This prompts water purveyors to scale back consumption annually, to aggressively promote water conservation measures, to buy more expensive imported water and to develop new supplies. Even though the water companies produce over 10 acre-feet per year and are regulated by the Watermaster, they are small mutual water companies.

Water Purveyors

Within Lucerne Valley there are eleven water purveyors supplying water to an estimated 2,922 residents. The service areas of all eleven water purveyors are either located near the center of the community (SR-18 and SR-247 intersection) or located a short distance from these highways. Residents and businesses not within a service area of a water purveyor utilize wells for the provision of water or purchase hauled water.

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CSA 29

Lucerne Valley has no existing public water system to serve residents. Water service or acquisition within Lucerne Valley can be characterized as a mix of small private mutual water companies and wells. This service deficiency limits the development capacity for the community. Furthermore, CSA 29 does not supply water to residents; it only supplies the local public buildings and facilities, unless there is a water crisis. CSA 29 has three tanks with a combined capacity of 101,700 gallons, and a breakdown of the tank capacities and uses are:

- Pioneer Park tank – capacity of 100,000 gallons. Serves the Community Center, Library, Senior Center, Fire Station 111, California Department of Forestry Station, Pioneer Park, and fire suppression for County Fire. Classified as transient non-community water system. Consists of two vertical wells, one storage tank, one pressure tank, and a booster pump. Has moderate but acceptable levels of nitrates.
- Midway Center tank – capacity of 1,500 gallons. Serves the Recreation Center Building, the turf, and equestrian area. Classified as a transient, non-community water system. Consists of one vertical well and one pressure tank.
- Cemetery tank – capacity of 200 gallons. Serves the irrigation needs of the Cemetery. Classified as a transient non-community water system. Consists of one vertical well and one storage tank.

Expansion of the cemetery will increase irrigation needs and will require a larger storage tank. No plans for a cemetery tank have been identified in the materials submitted.

CSA 29 has water production rights (also known as Base Annual Production) to assure 40 acre-feet (AF) annually. The district is within Este sub-region, and Free Production Allowance (FPA) is currently at 80% of Base Annual Production, which permits the district 32 AF of FPA for FY 2007-08. As noted in the most recent Watermaster Annual Report, "Water levels have been relatively stable in Este and FPA in Este remains at 80%". Producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. The historical trend for CSA 29's water production indicates that it produces more than its FPA. Thus, it has to purchase water from other agencies within the sub-basin to avoid paying the higher replacement water and make-up water rates charged by the Watermaster.

Rancho Lucerne

CSA 29 produced in excess of FPA for FY 2002-03 and FY 2003-04. To offset the over production, it transferred in the difference. Thus, it had no replacement water obligation to the Watermaster. In FY 2005-06, it produced 26 AF in excess of production and transferred in 16 AF to offset the overproduction. This left a replacement obligation of 10 AF for a cost of \$2,460. These transfers were made only for the satisfaction of makeup water obligations incurred during FY 2005-06.

There is a development project in the community of approximately 1,375 acres, known as Rancho Lucerne, located near the Highway 18 and 247 intersection. The County approved the development's tentative tract maps in 1997. In February 2007, the conditions of approval were clarified for the project, and on April 10, 2007, the County Board of Supervisors accepted the final map, securities, and agreement for the tract.

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Condition 39 identifies CSA 29 as the water service purveyor for the project, and CSA 29 has agreed to serve the project. The terms of the agreement condition the developer to transfer 2,559 acre-feet of base production (water rights) to CSA 29 to accommodate the project's water needs at build-out.

The developer is not entitled to build at this time since submission and approval of the master tract map is still outstanding. If the developer does not file the revised master tract map within two years from the previous approval (April 2009) and meet the conditions of the project, the project will expire. If the developer meets the conditions and is entitled to build, then CSA 29 would enter into the realm of being a municipal water service provider.

The Community Plan does not account for this project. Final approval of this project would alter the population and service forecasts for the community.

Hauled Water

Those without access to one of the small water companies or without wells on their property must rely on hauled water for domestic and other uses. In a joint letter to county planning and building departments in 2003, the California Department of Health Services and the California Conference of Directors of Environmental Health specify that, "bulk hauled water does not provide the equivalent level of public health protection nor reliability as that provided from a permanent water system from an approved onsite source of water supply." This statement is based on five potential public health risks for hauled water:

1. The potential for contamination exists when water is transferred from tanker trucks to water storage tanks.
2. Storage tanks are often the source of bacterial contamination.
3. There is no assurance that licensed water haulers follow State guidelines at all times.
4. The future reliability of hauled water is susceptible to economic conditions.
5. There is generally a higher risk for contamination.

The letter further states that hauled water for domestic purposes should only be allowed to serve existing facilities due to a loss of quantity or quality and where an approved source cannot be acquired.

The County of San Bernardino recognizes the potential health hazards with hauled water. Future development will be restricted unless there is access to an individual well or domestic water system. County Code of San Bernardino Section 33.0623 (last amended in 1996) under Health and Sanitation and Animal Regulations reads:

"Water furnished by a domestic hauler shall not be used as a source of water by any public water supply system unless it has been demonstrated to DEHS [Department of Environmental Health Services] that there are no reasonable means of obtaining an acceptable quality and quantity of groundwater, and that water treatment methods have been approved by DEHS. Exception: During an officially declared state or local emergency, a public water system may utilize hauled water as a temporary source of supply."

There are many within the community without access to one of the small water companies or without wells on their property. These residents must rely on hauled water for domestic and other uses. The vulnerabilities of hauled water came to fruition during the 2007 summer; and the summer

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heat exacerbated the situation. The Food and Drug Branch of the California Department of Public Health and the California Highway Patrol conducted a joint enforcement action to investigate complaints of unlicensed and unsanitary water haulers in Johnson Valley and Lucerne Valley. The enforcement action resulted in several unlicensed water hauling and unsanitary vehicle violations. The crises occurred when unlicensed and many licensed water haulers stopped serving the community. The crisis was abated when the County made CSA 29's wells and tanks available to residents and hauled water in fire trucks and delivered bottled water to those in need. Although the crisis is over, the vulnerability remains.

Outfall Line

Since about 1980, a 12-mile outfall line conveys treated wastewater from the Big Bear Valley to the Big Bear Area Regional Wastewater Agency (BBARWA) 2.3 million gallon balancing reservoir located on Camp Rock Road in Lucerne Valley. From the reservoir, the water is conveyed to BBARWA property at Camp Rock Road and Highway 247 where the site is leased to a farmer who uses the water for alfalfa irrigation on an estimated 320 acres. BBARWA staff estimates that approximately 2.5 million gallons of treated water per day flow through the outfall line.

Sewer

CSA 29 does not currently provide sewer service and there are no other entities to provide sewer service within Lucerne Valley. Further, CSA 29 does not have plans to provide sewer service, with the exception of the Rancho Lucerne project. The entire community utilizes septic tanks and leach field systems. The Colorado River Regional Water Quality Control Board is the regulatory agency for Lucerne Valley, as the community is within the Colorado River Water Basin. There is no schedule for sewer improvements. This service deficiency limits the development capacity for the community.

For the Rancho Lucerne Project, Condition 38 identifies CSA 29 as the sewer service provider for the project, and CSA 29 has agreed to serve the project. On April 10, 2007, to satisfy the sewer requirements of the conditions (Condition 41), the County Board of Supervisors approved the agreement between CSA 29 and the developer for the developer to construct wastewater facilities for the project (Agenda Item 33). The agreement states that the developer will provide property and construct the wastewater facilities and will transfer ownership of the facilities to CSA 29. CSA 29 would then be responsible for operation and maintenance of the facilities. The operation and maintenance costs would be borne by the residents within the project through wastewater user fees. If the developer meets the conditions and is entitled to build, then CSA 29 would enter into the realm of being a municipal sewer service provider.

Roads

The Community Plan describes the existing road system in Lucerne Valley as a combination of state highways and local roads, and that Highways 18 and 247 bear the burden of nearly all local and visitor traffic. Many of the local roads are either entirely unpaved or contain unpaved portions. According to staff from the County Department of Public Works – Transportation Department, the County maintains portions of most of the roads identified in the Community Plan.

The two State highways are State Route 18 and State Route 247. According to the Community Plan, all major County roads within CSA 29 operated at a service level of "A" in 2004, which is the highest level of service. For the same year, the State highways operated at acceptable levels with the exception for SR-18 between Bear Valley Cut-off and SR-247. This segment received a service

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level of "D", which is described as congested but stable conditions where speed and maneuverability are significantly affected. The Community Plan projects that by 2030, the County roads and State highways will continue to operate at acceptable levels of service, with the exception of SR-18 between Bear Valley Cut-off and SR-247.

County Service Area 70 Improvement Zone R-25

The Board of Supervisors formed an improvement zone for road maintenance in 1989 with an original purpose for initial improvements and then road maintenance as needed. Service is to be provided to the roads within the boundaries of the improvement zone, which include Del Oro Road, Winchester Trail, and Custer Avenue. The total length of roads is approximately one mile. The improvement zone, County Service Area 70 Improvement Zone R-25, is approximately a mile and a half northwest from the Highway 18 and Highway 247 intersection.

The improvement zone currently charges an annual assessment of \$60 per parcel on 18 parcels of land. The formation resolution indicates that the original service charge was \$135. Special Districts Department staff indicates that the funds now are held in reserve to be used for emergency maintenance only, which consists of emergency grading if the road washes out during a storm. Special Districts Department manages the improvement district and there is no advisory commission.

Parks and Recreation

CSA 29 maintains two parks, Pioneer Park and Midway Park. Pioneer Park is on 20 acres off Highway 247 and includes a park, BMX track, community building, senior center, museum, library, and fire station. Midway Park is on five acres located near Rabbit Springs Road and Midway Road and includes an equestrian arena that hosts rodeos and a renovated schoolhouse for community meetings. There is no park and recreation master plan for the community. One stated goal of the Community Plan is the development of such a plan. Partially within the eastern portion of the community is the Johnson Valley Off-Highway Vehicle Park. The park is managed by the Bureau of Land Management, is open to the public, and holds racing events.

Pursuant to the Quimby Act, a minimum of three acres per thousand population should be dedicated for recreational and/or open space purposes. The community has 25 acres of County parkland with an estimated population of 5,822. Based on the Quimby Act ratio, the community should have a minimum of 17.5 acres. Therefore, it satisfies the Quimby Act minimum acreage. This does not take into account the Bureau of Land Management and National Forest lands, which account for 57% of the community's total land.

Streetlights

LAFCO staff has verified that CSA 29 maintains 23 streetlights within the community. The streetlights are classified as all night service (activated from dusk until dawn).

Television Translator

The television translator receives a signal and rebroadcasts seven channels to the community. Without the translator, the community would not receive PBS, NBC, ABC, CBS, and My Network. The translator has "low power" potential for providing local origination of non-commercial telecasts. Special Districts Department staff indicates there are no plans at this time to convert to a digital format for the translator because the Congressional approved switch to a digital format in 2009

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affects only major air broadcasters. Further, it does receive a satellite digital feed but converts it to analog to transmit to meet the needs of the residents. If the time comes that digital service is required, it is able to do so.

The materials provided by Special Districts Department indicate that translator service is satisfactory for the revenues received. An election was held in 1995 for a special tax of \$50 per improved parcel for three years to update translators and repair and realign antennas. The voters did not approve this measure and this supports the sufficiency of the service.

Cemetery

Lucerne Valley Memorial Park is located on Highway 18 and the original cemetery contains 1,246 plots on roughly two acres, all which have been sold. Of the 216 cremation plots on the original site, 92 are available. CSA 29 is expanding the cemetery by four acres, and the first phase has been completed. The first phase has 71 burial plots, of which 63 are available. When all the phases are complete, there will be an additional 1,500 burial and cremation plots.

Cemetery plot space is subject to the Board governed fee schedule. Anyone can be buried at the cemetery. The burial fee structure has three categories, each with different fees: 1) property owner, 2) resident/non-property owner, 3) and non-resident/non-property owner. There is no master plan for cemetery service.

Fire and Ambulance

CSA 29 provides funding to County Fire for fire suppression, ambulance services, and administration support. CSA 29 owns two fire stations within the community off Highway 247, Stations 111 and 112. For seasonal fire protection, the California Department of Forestry also operates a station near the intersection of Highways 18 and 247.

LAFCO 3000 proposes reorganization of the County's Board-governed fire providers and will take effect July 1, 2008. Part of this proposal is the transfer of fire and ambulance powers of CSA 29. The San Bernardino County Fire Protection District will assume responsibility for fire and ambulance services within CSA 29's boundaries upon the effective date. Fire and ambulance facilities and equipment in the name of CSA 29 will also transfer to the San Bernardino County Fire Protection District, which includes Station 111 located on CSA 29's Pioneer Park site. A lease agreement is pending since upon the effective date Station 111 will be on CSA 29 property.

Condition 76 for the Rancho Lucerne project identifies that the development will be required to contribute funds for a new fire station, equipment, and first-year operation costs. The conditions suggest the creation of a community facilities district or assessment district to fund on-going operating costs, whereby all homeowners will be required to contribute.

3. Financial ability of agencies to provide services:

The Special Districts Department submitted budget and audit information for CSA 29 as part of the service review. Special Districts Department has not yet received the FY 2006-07 audit for CSA 29.

Audit

According to the audit, CSA 29's primary source of funding is receipt of a share of the ad valorem property tax, which comprises 96% of total revenues for FY 2005-06, excluding incoming transfers.

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For the year, CSA 29 received \$1,322,967 in total revenues; of this amount, \$1,269,533 is attributable to property taxes. The Fire fund incurred expenditures in excess of revenues by \$388,886, with salaries and benefits comprising the largest expense at \$994,427. To make up the difference, the Fire fund received \$391,195 as a transfer from other funds, with \$233,075 coming from CSA 29's Ambulance fund. Conversely, CSA 29's General fund received revenues in excess of expenditures and ended the year with an increase of \$23,311.

Even though CSA 29's General fund increased in balance for the year, Special Districts Department staff indicates that revenues for the park operations and services are not keeping pace with expenditures and reserves are being depleted. In turn, staff is being more prudent with expenditures and is starting more recreation programs to generate additional revenues. The increase in property taxes has helped as well.

Budget

CSA 29's annual budget is comprised of four separate sections. They are:

- Fire Protection (Special Revenue Fund)
- Ambulance (Enterprise Fund)
- Park, Cemetery, TV, and Streetlighting (Special Revenue Fund – also known as CSA 29 General fund)
- Capital Improvement Projects and Reserves

For FY 2007-08, CSA 29's adopted budget indicates that the Fire fund is anticipated to receive transfers for staffing and memorandum of understanding (MOU) agreements. The breakdown of the Fire fund's anticipated incoming transfers are:

- \$342,747 from County Fire for conversion of limited term firefighters to full time firefighters
- \$312,800 in ambulance service fees from CSA 29 Ambulance fund
- \$56,000 from County General fund for seasonal staffing
- \$34,000 from CSA 70 for MOU agreements

Capital Improvement Plans are budgeted annually as a part of the County's overall budget. Projects planned with community block grant funding are an acoustic ceiling for the community building, and well improvements at the cemetery. CSA 29's fund monies are planned to be used for a new maintenance shed and roof replacement at the Midway Park community building and the senior center.

Cemetery Endowment Fund

The District has an endowment fund for cemetery operations. These funds must to be held in perpetuity. Interest earnings but not the principal may be used for maintenance of the cemetery. Special Districts Department staff indicates that the endowment fund has not been utilized to date and the fund is planned for use when the cemetery is at capacity. This endowment fund is not included in the budget, as it is not an operating fund. As of February 4, 2008, this fund had a balance of \$84,680. Revenues from plot sales are placed in the CSA 29 General fund and the Endowment fund.

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Property Tax Revenues

CSA 29 is a multi-function district and has more than one fund account. The streetlighting, park and recreation, TV, and cemetery fund receives the property tax revenues. Then, the fire fund receives its share of the property tax revenues through a manual transfer from the previously mentioned fund. Prior to FY 2007-08, the historic property tax split was 70% to fire activities and 30% to the rest of CSA 29's activities. The County Board of Supervisors approved a change in the property tax split to be 65% to fire related activities and 35% to the remaining activities, beginning in FY 2007-08. LAFCO 3000 proposes reorganization of the County's Board-governed fire providers and will take effect July 1, 2008. Part of this proposal is the transfer of fire and ambulance powers of CSA 29. The San Bernardino County Fire Protection District will assume responsibility for fire and ambulance services within CSA 29's boundaries upon the effective date. Additionally, the current property tax share allocated to CSA 29's fire protection (65%) will permanently transfer to the San Bernardino County Fire Protection District. The remainder (35%) will stay with CSA 29.

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

CSA 29 does currently does not share facilities with other agencies.

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

The San Bernardino County Board of Supervisors is the governing body for CSA 29; it is within the political boundaries of the First Supervisorial District. CSA 29 has a municipal advisory council (MAC), authorized under Government Code Section 31010, that meets on the fourth Tuesday of each month at the community building. MAC members are appointed by the First District Supervisor and must reside within the District. Issues and concerns regarding CSA 29's services are placed on the monthly MAC agendas. At these meetings, Special Districts Department staff and community members have the opportunity to address the issues. As for staff, four full-time employees oversee the park, cemetery, and streetlight operations. One full-time employee maintains all of the County's translator operations with a proportionate share of the cost assigned to CSA 29.

CSA 29 budgets are prepared as a part of the County Special Districts Department's annual budgeting process. CSA 29's annual budget is reviewed with the MAC for its recommendation and then presented to the County Administrative Office and Board of Supervisors for review and approval. The Operations Division of the Special Districts Department presents quarterly financial reports of CSA 29's activities to the MAC, and proposed rate changes and facility charges are presented to the MAC for recommendation.

Action taken on October 16, 2007 by the Board of Supervisors set the appropriation limit for CSA 29 at \$5,584,199. Upon the effective date of LAFCO 3000, the appropriation limit for CSA 29 will be modified to reflect the removal of CSA 29's fire and ambulance powers. Utilizing the current property split of 65% to fire related activities and 35% to the remaining activities, the appropriation limit for CSA 29 will be set at \$1,954,470 and limited to the remaining services. However, the current schedule of the County's appropriation limits identifies CSA 29 under the "Fire District" category.

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Operational Efficiency

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services are provided. CSA 29 pays for the entire costs of salaries and benefits of its employees and it pays a proportional cost of the administrative functions of the County Special Districts Department. To pay for these functions, the FY 2007-08 Adopted Budget indicates a transfer for Salaries and Benefits to CSA 70 Countywide of \$1,245,696 from the fire special revenue fund, \$21,979 from the ambulance enterprise fund, and \$82,021 from CSA 29's General fund. In addition, the budget indicates a transfer from the fire special fund for salaries and benefits of \$181,055 to Consolidated Fire Service for limited term and seasonal staffing. CSA 29 also benefits from grant management provided by the Special Districts Department.

Governmental Structure Options

Special Districts Department staff, in preparing the municipal service review, indicated that there were no consolidations or other structure options available for the operation of CSA 29. While the discussion of some government structure options may be theoretical, a service review should address all possible options. One option would be for the residents within the community to submit an application to LAFCO to form an independent community services district (CSD). Through this formation, the CSD would have a choice of 33 different services to provide and the voters would select the board of directors, which must reside within the district. The formation application must show that the proposed CSD would be financially viable. The Commission has considered three proposals to form a CSD. In each case, the proposal was not successful, with two of the proposals defeated at election. At this time, there is no expressed desire by the residents to look at the formation of a CSD.

A second option would be for CSA 29 to form an improvement zone to serve water and/or sewer to the populated segments of the community. This option would require voter approval due to the need for funding the development of the system.

The lack of a community-wide municipal water provider places the community at a disadvantage in planning for the community's current and future water needs. The two options described above would allow such an instrument to provide the community with a safe and reliable source of water.

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

1. Present and Planned Uses:

Lucerne Valley is characterized by large residential lots, limited commercial development, with a predominance of agricultural and animal raising uses. The amount of publicly owned land within the community limits development and comprises a large percentage of the total area. Of CSA 29's total area, 51% is operated and managed by the Bureau of Land Management (BLM) for the benefit of the entire public, 6% is managed by the San Bernardino National Forest, and 4% is controlled by the State of California. The remaining 39% (109,248 acres) is under County jurisdiction.

For the lands under County jurisdiction, roughly half of the area (49.7%) is designated as is Rural Living. Residential land use is prevalent with single-family residences on large parcels ranging from 2.5 acres to 40 acres. Other predominant land use designations are Resource Conservation (21%) and Agricultural (24%). Even though the industrial designations comprise a small percentage of the

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total land area, they are comprised mostly of cement and mining uses, are an important and historical presence, and dominate the local economy. The largest mine currently is the Mitsubishi Cushenbury mine located in the southern portion of the community.

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

The community had 4,986 residents in 1990 and 5,377 in 2000. Utilizing the community's roughly one percent annual growth rate, the community has approximately 5,822 residents in 2008.

Lucerne Valley can be characterized as a rural community that has experienced slow growth. Slow growth is anticipated through 2030 with annual growth rates at roughly one percent. Furthermore, population and households are anticipated to reach eight and nine percent of build-out by 2030, respectively. However, the projections do not take into account the approved Rancho Lucerne project. This project would have approximately 4,500 housing units with an estimated population of 10,000 at build-out.

The community has a present and probable need for municipal water and sewer delivery. The community experienced water challenges this past summer when water haulers and their sources were shut down due to violations. While the water crisis has been abated, the vulnerability still remains. A municipal water service provider to serve the community would provide a reliable and safe source of water. There is a present need for municipal water and sewer services, and this need will continue until such a provider is available in the community.

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

The park and recreation, streetlighting, cemetery, fire, ambulance, and television translator needs of the community are adequately met. A municipal water service provider to serve the community would provide a reliable and safe source of water. The need for services will increase as the population increases. In anticipation of future needs, the cemetery has plans for expansion of four acres, with the first phase complete.

4. Social and Economic Communities of Interest:

The social community of interest is the community of Lucerne Valley. Economic communities of interest include the cement and mining companies within the District.

5. Other Findings:

- A. The Commission's Environmental Consultant, Tom Dodson and Associates, has determined that the municipal service review and sphere of influence affirmation is statutorily exempt from environmental review. The basis for this determination is that LAFCO 3021 does not have the potential to alter the existing physical environment in any manner, and therefore does not constitute a project as defined by CEQA.
- B. Legal advertisement of the Commission's consideration has been provided through publication in *The Sun* and through a publication of a 1/8 page legal ad in the *Daily Press* as required by law.
- C. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.

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- D. Comments from landowners/registered voters and any affected agency will need to be 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 CSA 29 shall be limited to the following:

<i>FUNCTIONS</i>	<i>SERVICES</i>
Cemetery	Cemetery
TV Translator	Television translation
Fire Protection	Fire protection <i>(Remove Effective July 1, 2008)</i>
Park and Recreation	Development, operation, recreation
Streetlighting	Streetlighting
Ambulance	Ambulance service <i>(Remove Effective July 1, 2008)</i>
Water	Domestic
Sewer	Engineering and Planning

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 affirms the sphere of influence as coterminous with the existing boundaries of CSA 29, and affirms and clarifies the functions and services currently authorized CSA 29;

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 CSA 29 to be coterminous with its existing boundaries; 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 CSA 29 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 the expanded 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:** Colven, Cox, McCallon, Nuaimi, Pearson

NOES: **COMMISSIONERS:** None

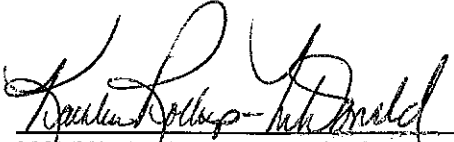
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ABSENT: COMMISSIONERS: Biane, Hansberger

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 February 20, 2008.

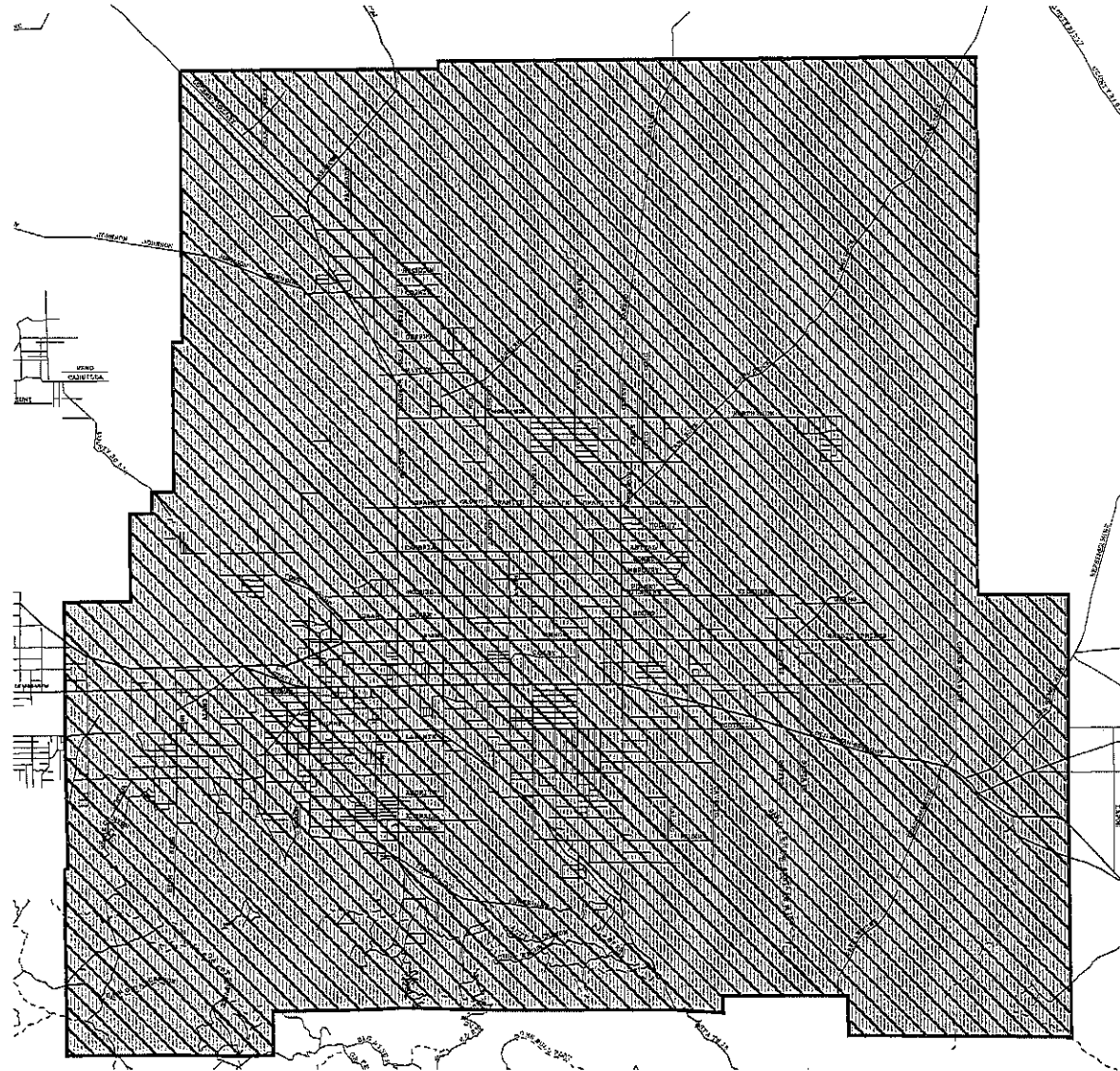
DATED: February 21, 2008


KATHLEEN ROLLINGS-McDONALD
Executive Officer

LAFCO 3021 - Service Review and Sphere of Influence Update for County Service Area 29 (Lucerne Valley)

EXHIBIT A

EXHIBIT A



 District Boundary
 District Sphere of Influence

Map Prepared On November 04, 2004