

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

**SAN BERNARDINO CITY COUNCIL CHAMBERS
300 NORTH D STREET, FIRST FLOOR, SAN BERNARDINO**

REGULAR MEETING OF JULY 15, 2015

9:00 A.M. – CALL TO ORDER – FLAG SALUTE

Convene Closed Session – Conference Room adjacent to Council Chamber:

Conference with legal counsel: Significant exposure to litigation (Government Code Section 54956.9(d)(2) – One case: Potential Application for activation of latent power for wastewater treatment by the East Valley Water District

Reconvene to Regular Meeting of the Local Agency Formation Commission San Bernardino City Council Chambers

ANNOUNCEMENT: Anyone present at the hearing who is involved with any of the changes of organization to be considered and who has made a contribution of more than \$250 in the past twelve (12) months to any member of the Commission will be asked to state for the record the Commission member to whom the contribution has been made and the matter of consideration with which they are involved.

CONSENT ITEMS:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of May 20, 2015
2. Approval of Executive Officer's Expense Report
3. Unaudited Year-End Financial Report for Fiscal Year 2014-15
4. Approval of Fiscal Year 2006-07 Financial Records Destruction Pursuant to Commission Policy
5. Ratify Payments as Reconciled for Months of May and June 2015 and Note Cash Receipts
6. Consideration of Fee Reduction Requested by Phelan Pinion Hills Community Services District for its Reorganization Proposal (LAFCO 3194)

PUBLIC HEARING ITEMS:

7. Consent Items Deferred for Discussion

8. Consideration of: (1) Mitigated Negative Declaration prepared by the City of Loma Linda for General Plan Amendment (GPA 14-075), Pre-Zone (ZMA 14-076), Annexation (ANX 14-074), and Tentative Tract Map 18963 (TTM14-073), as CEQA Responsible Agency for LAFCO 3182; and (2) LAFCO 3182 – Reorganization to include City of Loma Linda annexation and Detachment from San Bernardino County Fire Protection District, its Valley Service Zone and County Service Area 70

DISCUSSION ITEMS:

9. Consideration of LAFCO 3189 --Special Study of Morongo Valley Community Services District

INFORMATION ITEMS:

10. Legislative Update Report
11. Executive Officer's Report:
 - a. Nomination for Southern Region CALAFCO Positions – Special District and County
 - b. Update on Current Proposals
12. Commissioner Comments
(This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.)
13. Comments from the Public
(By Commission policy, the public comment period is limited to five minutes per person for comments related to items under the jurisdiction of LAFCO.)

The Commission may adjourn for lunch from 12:00 to 1:30 p.m. The Commission may take action on any item listed in this Agenda whether or not it is listed For Action. In its deliberations, the Commission may make appropriate changes incidental to the above-listed proposals.

Materials related to an item on this Agenda submitted to the Commission or prepared after distribution of the agenda packet will be available for public inspection in the LAFCO office at 215 N. D St., Suite 204, San Bernardino, during normal business hours, on the LAFCO website at www.sbclafco.org, and at the hearing.

Current law and Commission policy require the publishing of staff reports prior to the public hearing. These reports contain technical findings, comments, and recommendations of staff. The staff recommendation may be accepted or rejected by the Commission after its own analysis and consideration of public testimony.

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE ABOVE PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE LOCAL AGENCY FORMATION COMMISSION AT, OR PRIOR TO, THE PUBLIC HEARING.

The Political Reform Act requires the disclosure of expenditures for political purposes related to a change of organization or reorganization proposal which has been submitted to the Commission, and contributions in support of or in opposition to such measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures presented to the electorate (Government Code Section 56700.1). Questions regarding this should be directed to the Fair Political Practices Commission at www.fppc.ca.gov or at 1-866-ASK-FPPC (1-866-275-3772).

A person with a disability may contact the LAFCO office at (909) 383-9900 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

DRAFT

**DRAFT - ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF MAY 20, 2015**

REGULAR MEETING

9:00 A.M.

MAY 20, 2015

PRESENT:

COMMISSIONERS:	Jim Bagley	Larry McCallon
	Kimberly Cox, Vice-Chair	James Ramos
	James Curatalo, Chair	Sunil Sethi, Alternate
	Steve Farrell, Alternate	Acquanetta Warren, Alternate
	Robert Lovingood	Diane Williams

STAFF:

Kathleen Rollings-McDonald, Executive Officer
Clark Alsop, LAFCO Legal Counsel
Holly Whateley, Special Legal Counsel
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, Project Manager
Joe Serrano, LAFCO Analyst

ABSENT:

COMMISSIONER: **Janice Rutherford, Alternate**

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION –
CALL TO ORDER – 9:06 A.M. – SAN BERNARDINO CITY COUNCIL CHAMBERS**

Chairman Curatalo calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

Chairman Curatalo requests those present who are involved with any of the changes of organization to be considered today and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There was none.

ITEM 1. SWEAR IN REGULAR COUNTY MEMBER

Joe Serrano, LAFCO Analyst, administers the Oath of Office to Robert Lovingood, Regular County Member, whose term of office expires in May 2019.

ITEM 2. ELECTION OF CHAIR AND VICE-CHAIR FOR COMMISSION

Executive Officer Kathleen Rollings-McDonald presents the staff report for the selection of the Chair and Vice Chair, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. Rollings-McDonald opens the nomination period to select the Chair. Commissioner McCallon nominates Commissioner Bagley for Chair; however, after clarification that Vice Chair Cox is eligible for the Chair position Commissioner McCallon withdraws his

nomination. Commissioner Williams nominates Commissioner Cox as Chair and Commissioner Bagley as Vice Chair. Commissioner Lovingood seconds the nomination.

Vice Chair Cox recommends having Commissioner Curatalo as Chair for an additional term in order for him to continue his participation in CALAFCO. Commissioner Williams supports the request but inquires whether the Commission needs to override the existing policy related to the limitation of two consecutive terms for Chair and Vice Chair. Executive Officer Kathleen Rollings-McDonald reiterates that the Commission can override Rule of Order #2 regarding the limitation of terms.

Commissioner McCallon does not oppose the recommendation by Vice Chair Cox but notes that if the Commission continues to override Rule of Order #2 then the policy should be revised. Executive Officer Kathleen Rollings-McDonald states that the annual review of the Policies & Procedures is scheduled for the August 2015 hearing at which time the Commission may consider changing the current Rule of Order. Commissioner Williams withdraws her motion and Commissioner Lovingood concurs with the withdrawal.

Commissioner Williams makes the motion to continue Chairman Curatalo and Vice Chair Cox for an additional term and discuss the consideration of revising the current policy on term limits at the August hearing. Commissioner Ramos seconds the motion.

There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None.

CONSENT ITEMS – APPROVE STAFF RECOMMENDATION:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

3. Approval of Minutes for Regular Meeting of April 15, 2015
4. Approval of Executive Officer's Expense Report
5. Ratify Payments as Reconciled for Month of April 2015 and Note Cash Receipts
6. Note Receipt of Proposal Initiated by Property Owner Petition Pursuant to Government Code Section 56857 -- LAFCO 3191- Reorganization to Include Annexation to the City of Rialto and West Valley Water District and Detachment From San Bernardino County Fire Protection District, its Valley Service Zone and County Service Area 70 (Boral Roofing LLC)

LAFCO considered the items listed under its consent calendar, which includes a Visa Justification, the Executive Officer expense report, the staff report outlining the staff recommendations for the reconciled payments, and the notice of receipt of LAFCO 3191. Copies of each report are on file in the LAFCO office and are made part of the record by their reference here. Executive Officer Kathleen Rollings-McDonald indicates there are no requests to defer any consent items.

Commissioner Cox moves approval of the consent calendar, second by Commissioner McCallon. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None.

PUBLIC HEARING ITEMS:

ITEM 7. CONSENT ITEMS DEFERRED FOR DISCUSSION

No items deferred for discussion.

ITEM 8. CONSIDERATION OF: A) REVIEW OF MITIGATED NEGATIVE DECLARATION PREPARED BY THE CITY OF CHINO HILLS FOR GENERAL PLAN AMENDMENT 14GPA01, ZONE CHANGE 14ZC01, TENTATIVE PARCEL MAP 19539, SITE PLAN REVIEW 14SPR02, MAJOR VARIANCE 14MJV02, MINOR VARIANCE 14MNV06, AND DEVELOPMENT AGREEMENT FOR THE FAIRFIELD RANCH COMMONS PROJECT, AS CEQA RESPONSIBLE AGENCY FOR LAFCO 3183 AND LAFCO 3184; B) LAFCO 3183 – SPHERE OF INFLUENCE AMENDMENTS FOR THE CITY OF CHINO (REDUCTIONS) AND CITY OF CHINO HILLS (EXPANSIONS); AND, C) LAFCO 3184 - REORGANIZATION TO INCLUDE DETACHMENTS FROM THE CITY OF CHINO AND ANNEXATIONS TO THE CITY OF CHINO HILLS

Chairman Curatalo opens the public hearing.

Assistant Executive Officer Samuel Martinez presents the staff report for LAFCOs 3183 and 3184, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. The item has been advertised in the *Daily Bulletin* newspaper of general circulation as required by law.

Assistant Executive Officer Samuel Martinez states that the two areas involved in the proposals are between the Cities of Chino and Chino Hills. Mr. Martinez explains how the channelization of Chino Creek created irregular boundaries and split parcels between the two cities. He notes that if approved, the proposals will create a more logical boundary between the cities and allow for the development of the Fairfield Ranch Commons Project.

Commissioner McCallon inquires whether there are other irregular boundary segments between the Cities of Chino and Chino Hills. Executive Officer Kathleen Rollings-McDonald notes that the City of Chino Hills has addressed similar issues with LAFCO action following its incorporation in 1991 along the city limits of Chino and Chino Hills but others remain.

Commissioner Farrell recommends utilizing the centerline of the Flood Control Channel. Assistant Executive Officer indicates that the City of Chino Hills, as the parcel owner, only included the reorganization of the remaining parcels and did not include portions of the creek.

Chairman Curatalo calls for those wishing to speak, noting that there are no requests for public comments.

Commissioner Cox moves approval of staff recommendations, second by Commissioner Lovingood. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes:

None. Abstain: None. Absent: None.

ITEM 9. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3174 AND (2) LAFCO 3174 – SERVICE REVIEW FOR WATER CONSERVATION WITHIN THE VALLEY REGION (CONTINUED FROM APRIL 15, 2015 HEARING)

Chairman Curatalo opens the public hearing.

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3174, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. Notice of the Commission's consideration was published in *The Sun* and *Daily Bulletin* newspapers of general circulation.

Ms. Rollings-McDonald explains how state law requires LAFCOs to conduct a service review in which San Bernardino LAFCO completed its initial round in 2013. Ms. Rollings-McDonald indicates that LAFCO is now conducting the second cycle of service reviews that will begin with the evaluation of water conservation within the Valley Region. She defines water conservation as practices, techniques, and technologies that improve the efficiency of water use.

Executive Officer Kathleen Rollings-McDonald notes that LAFCO contacted the five primary service providers (Chino Basin Water Conservation District, San Bernardino Valley Water Conservation District, Inland Empire Utilities Agency, San Bernardino Valley Municipal Water District, and the San Bernardino County Flood Control District) to provide information in LAFCO's analysis of service provisions. Project Manager Michael Tuerpe provides an overview for five of the six determinations when conducting a service review as required by state law.

Executive Officer Kathleen Rollings-McDonald concludes the review of the six determinations by discussing the last determination regarding the accountability for community service needs including governmental structure and operational efficiencies. Ms. Rollings-McDonald notes that LAFCO 3174 is statutorily exempt from the California Environmental Quality Act based on the findings that the service review does not pose any adverse changes to the physical environment. She also discusses the need for the continuing monitoring of San Bernardino Valley Municipal Water District and the Inland Empire Utilities Agency related to reporting issues on appropriations.

Commissioner Ramos inquires on staff recommendations #4 and #5. Kathleen Rollings-McDonald clarifies that the recommendations direct staff to evaluate all the alternatives for the Chino Basin Water Conservation District and the San Bernardino Valley Water Conservation District in the following sphere of influence amendment process. Additionally, Ms. Rollings-McDonald also notes that a sphere of influence boundary is a planning tool for agencies.

Commissioners McCallon and Ramos leave the dais at 11:09am.

Commissioner Cox requests clarification on the appropriation limit discrepancy with San Bernardino Valley Municipal Water District and the Inland Empire Utilities Agency. Kathleen Rollings-McDonald confirms that the two districts adopt resolutions regarding the appropriation limit; however, state law also requires agencies to review the appropriation limits as part of an annual financial audit, which is excluded from their current practices.

Commissioners McCallon and Ramos return to the dais at 11:11am and 11:13am respectively.

DRAFT ACTION MINUTES FOR MAY 20, 2015 HEARING - DRAFT

Commissioner McCallon inquires whether the five primary service providers discussed in the service review have any feedback on staff's recommendations. Kathleen Rollings-McDonald notes that representatives from each agency has requested to speak once the item is open for public comments.

Commissioner Bagley notes LAFCO's role in evaluating the validity of agencies and explains that LAFCO is responsible for reviewing governance options to improve delivery of services including dissolution and consolidations of districts. Kathleen Rollings-McDonald states that dissolution is not an option for consideration based upon statutory restrictions in Water Conservation District Law; however, all other options including consolidation were discussed in the service review.

Chairman Curatalo calls for comments.

Richard Corneille, San Bernardino Valley Water Conservation District Board President, appreciates staff for including the revisions submitted by the District within the final version of the service review. Mr. Corneille supports the staff conclusion discussed in the service review. He requests the Commission expand the District's sphere of influence from its current zero sphere designation as indicated in the District's sphere change application.

Kati Parker, Board President and Liane Veenema, Community Outreach and Education Coordinator for Chino Basin Water Conservation District discuss the benefits of water conservation activities provided by the District. Ms. Park indicates that the District is not interested in a zero sphere of influence or consolidation with either San Bernardino Valley Water Conservation District or Inland Empire Utilities Agency. She also notes that the District does support expanding its sphere to include the Chino Basin and has received letters of support which copies were provided to LAFCO.

Al Yoakum, Chino Basin Water Conservation District Board Director, discusses the water conservation contest completed annually. Mr. Yoakum notes that over 2,000 entries from students were submitted to the District. He states that the District is the only agency in the Chino Basin that has the responsibility to recharge groundwater and provide water conservation. Al Yoakum requests the Commission to supports the District's long-term efforts to promote water conservation.

Tom Ohlsen, Carlsbad resident, notes the benefits of the Chino Basin Water Conservation District. Mr. Ohlsen discusses his recent transition from a traditional grass lawn to a drought-resistant landscape.

Carlos Rodriguez, Building Industry Association (BIA) Baldy View Chapter Executive Officer, inquires on the financial contribution statement by Chairman Curatalo at the beginning of the hearing. Kathleen Rollings-McDonald states that contributions regarding changes of organizations should be noted for the record. Ms. Rollings-McDonald clarifies that the service review is not a change of organization. Mr. Rodriguez states that San Bernardino County residents must be educated on the importance in water conservation. He supports the activities and innovations provided by the Chino Basin Water Conservation District.

Daniel Cozad, San Bernardino Valley Water Conservation District General Manager, explains the District's fund balance and upcoming capital projects. Mr. Cozad recommends the Commission consider the District's sphere application rather than exhausting staff time on evaluating all sphere designation alternatives.

Kathryn Besser, Inland Empire Utilities Agency External Affairs Manager, states that the District does not have a formal opinion on the outcome of the service review and supports the Commission's decision.

Chairman Curatalo closes the public hearing.

Commissioner Bagley inquires on the number of watermasters in the Chino Basin which encompasses three different counties. Project Manager Michael Tuerpe indicates that the Chino Basin Watermaster is the single water master in San Bernardino County but cannot comment on the number of watermasters for the neighboring counties.

Commissioner Williams inquires whether an interim sphere expansion for San Bernardino Valley Water Conservation District may be considered. Kathleen Rollings-McDonald noted that the sphere expansion is not an item for consideration during today's hearing.

Commissioner Ramos questioned whether staff should evaluate all governance options. Executive Officer Kathleen Rollings-McDonald notes the benefits in reviewing all possible governance options for Commission consideration.

Commissioner McCallon congratulates the east valley water agencies for forming the groundwater sustainability council. He supports the sphere expansion for the San Bernardino Valley Water Conservation District.

Commissioner Bagley moves approval of staff recommendations, second by Commissioner Cox. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None.

ITEM 10. REVIEW AND ADOPTION OF FINAL BUDGET FOR FISCAL YEAR 2015-16 INCLUDING THE FOLLOWING: A) ADOPTION OF FINAL BUDGET AND APPORTIONMENT AND B) APPROVAL OF PROPOSED AMENDMENT TO LAFCO BENEFIT PLAN SECTION 5: FLEXIBLE SPENDING PLAN

Chairman Curatalo opens the public hearing.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. Notice of the Commission's consideration of the final budget was published in *The Sun*, a newspaper of general circulation.

Executive Officer Kathleen Rollings-McDonald states that staff circulated the proposed budget as required by law for review and comment. During the review period no comments or concerns have been received regarding the proposed budget or the apportionment. Ms. Rollings-McDonald notes there are two additional items to be discussed. She provides an overview of the recent revisions to the County's medical expense reimbursement plan noting it is time sensitive. In keeping with the Commission position to maintain its benefits commensurate with the County's Exempt Compensation Plan, staff is recommending adopting these revisions to the Policies & Procedures. Ms. Rollings-McDonald states that the Baldwin Lake Fire Reorganization (LAFCO 3172), which was approved in June 2014, has an outstanding balance of \$2,740 from the applicant. Staff is recommending that the Commission determine the amount

owed to be uncollectible and approve the write-off of the amount.

Commissioners Bagley and Cox inquire whether Big Bear Fire Authority has expressed interest in addressing the outstanding balance. Ms. Rollings-McDonald notes their position is unknown but the Commission can direct staff to contact the Big Bear Fire Authority on this matter.

Chairman Curatalo notes that there are no requests for comments.

Commissioner Bagley moves approval of staff recommendations with an amendment to exclude Recommendation #3 and direct staff to contact the Big Bear Fire Authority regarding the matter, second by Commissioner Williams. Staff conducts a roll call vote as follows: Ayes: Bagley, Cox, Curatalo, Lovinggood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None. The item passes.

Chairman Curatalo calls for a brief recess allowing the Commission to switch their regular legal counsel with special legal counsel prior to the discussion of Item #11.

Commissioner Lovinggood leaves the dais at 11:32am.

DISCUSSION ITEMS:

ITEM 11. STATUS REPORT ON CONDITIONS IMPOSED ON LAFCO 3157 – SPHERE OF INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (CONTINUED FROM APRIL 15, 2015 HEARING)

Chairman Curatalo welcomes Holly Whatley from Colantuono, Highsmith & Whatley, PC as the Commission's special legal counsel for LAFCO 3157. Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Executive Officer Kathleen Rollings-McDonald summarizes the Commission's adoption of Resolution No. 3190 related to the sphere of influence establishment for County Service Area 120 during the October 2014 hearing. Ms. Rollings-McDonald notes that the resolution included several conditions imposed on the sphere establishment. She indicates that staff was scheduled to update the Commission on the status of CSA 120 in meeting those conditions back in March; however, the County Special Districts Department provided a letter requiring a continuance to allow staff to fully evaluate the County's position on those conditions.

Executive Officer Kathleen Rollings-McDonald notes that based on the County Special Districts Department's correspondence, the County will not complete three conditions imposed upon the establishment of the sphere of influence for CSA 120. Ms. Rollings-McDonald states that the service review for the sphere establishment was deferred by the Commission in September 2014 to allow for the completion of the final report of the County's Vision Environmental Element Group and SanBAG's "Habitat Conservation Framework for San Bernardino County." She indicates that staff will now move forward with its service review and will consider the positions of the County SDD and the designation of a zero sphere for CSA 120 due to the lack of commitment in fulfilling the conditions that were imposed on its sphere establishment.

Commissioner Ramos inquires whether he should recuse himself from this item since he represents the County. Kathleen Rollings-McDonald notes that there is no conflict and he has the discretion to recuse himself.

Commissioner Ramos leaves the dais at 11:43am.

Commissioner Cox inquires whether County legal counsel had the opportunity to review the report and resolution. Kathleen Rollings-McDonald states that all information was provided to County counsel and the letter submitted by the County Special Districts Department was also reviewed by County counsel.

Commissioners Sethi and Warren leave the dais at 11:45am.

Tim Millington, County Special Districts Department Regional Manager, notes that the current economies of scale and direct costs affect the County's position on the conditions presented. Mr. Millington states that the County will continue to work with LAFCO on this item.

Commissioner Cox moves approval of staff recommendations, second by Commissioner McCallon. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Williams. Noes: None. Abstain: None. Absent: Lovingood, Ramos.

Chairman Curatalo calls for a brief recess allowing the Commission to switch their special legal counsel back to their regular legal counsel prior to the discussion of Item #12.

Commissioner Ramos returns to the dais at 11:49am.

ITEM 12. DISCUSSION OF STATUS OF POTENTIAL PROPOSAL TO ACTIVATE LATENT AUTHORITY FOR EAST VALLEY WATER DISTRICT TO PROVIDE THE SERVICES OF WASTEWATER TREATMENT, DISPOSAL, AND RECYCLING

Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. Ms. Rollings-McDonald indicates that staff was directed to provide an update on the potential proposal to activate latent authority for East Valley Water District during its April 2015 hearing.

Executive Officer Kathleen Rollings-McDonald summarizes the history and introduction of special district representation on San Bernardino LAFCO. Ms. Rollings-McDonald notes that following the seating of special districts at the seat on the Commission in 1976, the Rules and Regulations affecting special districts were adopted and the listing of authorized functions and services was developed for all special districts. She states that from 1976 to 2004, the East Valley Water District did not identify any issues with the services and functions determined for the District. During the 2004 service review/sphere update, the services were again clarified.

Executive Officer Kathleen Rollings-McDonald states that in October 2014, LAFCO staff was made aware of East Valley Water District's project to develop a wastewater treatment plant. At that time, LAFCO made it clear that the District did not have authorization to provide for anything other than wastewater collection and would need to apply for the activation of the latent service. Ms. Rollings-McDonald notes that LAFCO and its Legal Counsel has met with District staff and its legal and special counsels to review the options related to consideration of the activation proposal due to the complications of the progression of the project. She explains how LAFCO has identified four options for consideration and is awaiting further information from the District.

DRAFT ACTION MINUTES FOR MAY 20, 2015 HEARING - DRAFT

Commissioner Cox states that East Valley Water District should comply with the LAFCO process now that the District is aware of the need for activation of latent powers. Ms. Cox also voices concern on the formation of a Joint Powers Authority as one of the four options due to its complexity and government structure.

Commissioner Ramos inquires on LAFCO process duration for the completion of a latent powers application. Executive Officer Kathleen Rollings-McDonald states that the completion of any application depends on several factors being executed before the proposal is deemed complete and ready for Commission consideration.

Commissioner Cox inquires whether there is current legislation that would expedite the environmental process for certain applications. Special Legal Counsel Alisha Winterswyk, Best Best & Krieger Partner, explains that there are several legislative bills that would streamline such environmental-based applications, however, these bills are pending and no action has taken place.

Commissioner McCallon notes that the City of Highland's future developments would benefit from the proposed sewer plant and encourages the District to resolve the issues identified by LAFCO.

Chairman Curatalo reiterates the need for LAFCO staff to assist the District in resolving the issues with the proposed project. Executive Officer Kathleen Rollings-McDonald clarifies that LAFCO staff continues to work with the District, provide guidance, and facilitate viable options for East Valley Water District.

Chairman Curatalo opens the floor for public comments.

Stacey Aldstadt, San Bernardino Municipal Water Department General Manager, expresses concerns on the proposed project, which will profoundly affect the City of San Bernardino and its ratepayers. Ms. Aldstadt notes that the Department's active infrastructure already provides sewer service to the Cities of San Bernardino, Highland and Loma Linda through a joint powers agreement and has for almost 50 years. She explains how the sewer provision by the Department has received no complaints from its constituents. Ms. Aldstadt explains that the Department has invested millions of dollars towards various capital improvement projects that have benefited the residents within the cities. She also states that the Department has been working diligently on a regional recycled water project for the past seven years. She explains that after several years of completing the environmental process, receiving half a million dollars in grants from both Bureau of Reclamation and Environmental Protection Agency, and establishing local and federal partners, the Department has conducted the proper protocol to complete the development of a new regional recycled water plant.. She notes that one of the local contributors to the project was East Valley Water District, which was a partner in the ongoing efforts by the Department until recently when the District decided to build their own regional recycled water plant. Ms. Aldstadt states that the proposed activation of latent powers and East Valley Water District project will negatively affect the ratepayers for the Cities of San Bernardino, Highland and Loma Linda. Ms. Aldstadt concludes by reiterating that she does not support the development of another regional plant when the City of San Bernardino already has an active plant, which efficiently delivers services to residents and has sufficient capacity to provide services to future developments.

Jane Usher, East Valley Water District Special Legal Counsel, states that the District continues to review all possible options prior to submitting an application. Commissioner Ramos inquires

whether the District plans to submit an application. Ms. Usher notes that the District will embrace the LAFCO process and identify the best possible option for the agency.

Commissioner Williams leaves the dais at 12:23pm.

No Commission action required for the agenda item.

ITEM 13. LEGISLATIVE UPDATE REPORT

Executive Officer Kathleen Rollings-McDonald presents the Legislative report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. Ms. Rollings-McDonald states that the report includes information regarding the current status of three bills relating to LAFCOs.

Executive Officer Kathleen Rollings-McDonald states that AB 851 (Mayes) recently passed the Assembly Local Government Committee and Appropriations Committee by a vote of 9-0 and 19-0 respectfully. Ms. Rollings-McDonald notes that she continues to participate in meetings and discussions on this bill.

Executive Officer Kathleen Rollings-McDonald explains that AB 402 continues to be a contentious item with opposition from various parties including LAFCOs throughout the State. Ms. Rollings-McDonald notes that recent amendments have made the bill into a pilot program for Napa, Sonoma, and San Bernardino Counties with a sunset in 2021. She requests Commission support on this pilot program.

Executive Officer Kathleen Rollings-McDonald notes that staff initially opposed SB 239; however, postponed submitting a letter of opposition until reviewing the gut and amended bill. Ms. Rollings-McDonald states that the new language poses serious concerns to staff and thus recommends the Commission take the position of opposition unless SB 239 is further amended.

Commissioner Cox inquires whether the Commission should submit a letter of support to AB 402 due to its recent amendments. Executive Officer Kathleen Rollings-McDonald agrees with the additional recommendation.

Commissioner Farrell inquires on the Commission's evaluation of union interest. Executive Officer Kathleen Rollings-McDonald explains that certain contract negotiations involve union interest such as the recent Crest Forest Fire Protection District reorganization.

Commissioner Cox moves approval of staff recommendations with the inclusion of a letter of support regarding AB 402, second by Commissioner McCallon. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Ramos. Noes: None. Abstain: None. Absent: Lovingood, Williams.

INFORMATION ITEMS:

ITEM 14. EXECUTIVE OFFICER'S ORAL REPORT

Executive Officer Kathleen Rollings-McDonald states that there will be no June hearing and the next scheduled LAFCO hearing will be held on July 15, 2015. Ms. Rollings-McDonald notes that staff is currently working with Phelan Piñon Hills CSD and the City of San Bernardino on applications involving their agency.

ITEM 15. COMMISSIONER COMMENTS

Commissioner Cox discusses her recent interaction with Assembly Member Mayes thanking him for his leadership on the disincorporation bill. Executive Officer Kathleen Rollings-McDonald points out that the CALAFCO nomination form is included in each Commissioner packet and she recommends nominating Assembly Member Mayes for the Legislator of the Year Award. The Commission express support in nominating Assembly Member Mayes for the award.

Chairman Curatalo and Commissioner Cox thank the Commission for their reelection.

ITEM 16. COMMENTS FROM THE PUBLIC

No Comments

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION THE HEARING IS ADJOURNED AT 12:38 P.M.

ATTEST:

JOE SERRANO
LAFCO Analyst

LOCAL AGENCY FORMATION COMMISSION

JAMES CURATALO, Chairman

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : JULY 6, 2015
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #2 – APPROVAL OF EXECUTIVE OFFICER'S EXPENSE
REPORT**

RECOMMENDATION:

Approve the Executive Officer's Expense Report for Procurement Card Purchases and expense claim for May and June 2015 as presented.

BACKGROUND INFORMATION:

The Commission participates in the County of San Bernardino's Procurement Card Program to supply the Executive Officer a credit card to provide for payment of routine official costs of Commission activities as authorized by LAFCO Policy #4(H). Staff has prepared an itemized report of purchases that covers the billing period of April 23, 2015 through May 22, 2015 and May 23, 2015 through June 22, 2015.

A copy of the Executive Officer's Travel Claim is also provided for the Commission's approval.

It is recommended that the Commission approve the Executive Officer's expense report as shown on the attachments.

KRM/rci

Attachments

TO BE COMPLETED BY EMPLOYEE

Employee No. r1179 Phone No. 909-383-9900 For the Month of Jun-15

Occup. Unit Exempt

Assigned Hdqtrs. San Bernardino Principal place of residence Redlands
(City) (City)

[illegible]

TOTAL MILES THIS CLAIM:	0	¢	=	\$
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	MILEAGE AMOUNT	EXPENSES	
SUB TOTAL	\$	\$ 82.84	
LESS ADVANCE			TOTAL CLAIM
TOTAL	\$	\$ 82.84	\$ 82.84

The undersigned declares under penalty of perjury that the expenses hereon claimed were necessary in attending to County Business in conformity with the policies established by the Board of Supervisors, and that no part thereof has been previously paid. In claiming reimbursement for private auto mileage, I hereby certify that I have a valid California Driver's License and that I carry vehicle liability insurance as required by the County.

Signed [Signature] 0920 11/11/15 Approved _____
 Claimant Mail Code Date Authorized Signer (Print and Sign)

James V. Curatalo



COUNTY OF SAN BERNARDINO
PROCUREMENT CARD PROGRAM

Page 1 of 1

MONTHLY PROCUREMENT CARD PURCHASE REPORT

Card Number	Cardholder	Billing Period
[REDACTED]	Kathleen Rollings-McDonald	4/23/15 to 5/22/15

Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	\$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
4-23	Sitoe Long Island Cab	1	Cab Fare – Rollings-McDonald	ALGC Committee - Sacramento	39.60	R	N
4-23	SQ Taxilimo	2	Cab Fare – Rollings-McDonald	ALGC Committee - Sacramento	47.00	R	N
4-24	Park N Fly – Ontario	3	Parking – Rollings-McDonald	ALGC Committee - Sacramento	10.25	R	N
5-1	Thomson West	4	Monthly Payment	Law Library Updates	169.92	R	N
5-5	Advanced Copy Systems	5	Monthly Payment	Sharp Photo Copier	526.78	R	Y
5-5	Advanced Copy Systems	6	Monthly Payment	Sharp Photo Copier	477.46	R	Y
5-12	Crew Network	7	Registration Fee	Tapping into Water Resources Forum	75.00	R	N
5-12	Advanced Copy Systems	8	Monthly Payment	Sharp Photo Copier	459.78	R	Y
5-14	Storeretrieve	9	Monthly Payment P	Records and Storage Maintenance	47.52	R	N
5-14	Alfredo's Pizza and Pasta	10	Lunch for CCL Clerks Group	CCL Clerks User Meeting	43.20	R	N

The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.

Cardholder (Print & Sign)	Date
Kathleen Rollings-McDonald <i>Kathleen Rollings-McDonald</i>	6/4/15

Approving Official (Print & Sign)	Date
James Curatalo, Chairman	7/15/15



COUNTY OF SAN BERNARDINO
PROCUREMENT CARD PROGRAM

Page 1 of 1

MONTHLY PROCUREMENT CARD PURCHASE REPORT

Card Number [REDACTED]		Cardholder Kathleen Rollings-McDonald				Billing Period 5/23/15 to 6/22/15	
Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	\$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
6-3	Southwest Airlines	1	Credit- Airfare – Martinez	CALAFCO U	218.50CR	R	N
6-3	Southwest Airlines	2	Credit- Airfare – Rollings-McDonald	CALAFCO U	218.50CR	R	N
6-3	Southwest Airlines	3	Airfare – Martinez	CALAFCO U	218.50	R	N
6-3	Southwest Airlines	4	Airfare – Rollings-McDonald	CALAFCO U	218.50	R	N
6-12	Southwest Airlines	5	Airfare – Rollings-McDonald	CALAFCO ^{Dis} Incorp. Meeting	71.01	R	N
6-17	Verizon	6	Payment – Phone Bill	Phone Line for Alarm	115.17	R	Y
6-17	Thomson West	7	Monthly Payment	Law Library Updates	169.92	R	N
6-18	Storeretrieve	8	Monthly Payment	Records and Storage Maintenance	154.24	R	N

The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.

Cardholder (Print & Sign) Kathleen Rollings-McDonald	Date 7/2/15
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Approving Official (Print & Sign) James Curatalo, Chairman	Date 7/15/15
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LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: JULY 8, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #3: Unaudited Year-end Financial Report for FY 2014-15

RECOMMENDATION:

Staff recommends that the Commission note the receipt of and file the Unaudited Year-End Financial Report for Fiscal Year 2014-15.

BACKGROUND:

Staff is presenting the Commission with its year-end review of the FY 2014-15 Budget which includes unaudited expenditures, reserves, revenues, and a breakdown of the fund balance. Attachment #1 to this report is a spreadsheet summarizing the unaudited financial activity for the period July 1, 2014 through June 30, 2015. The spreadsheet identifies that total expenditures were within appropriation authority for all fund categories and total revenues were above projections due to an increase in application receipts during the year. Additional information, in narrative form regarding the year-end review, is provided below.

Expenditures and Reserves

Expenditures comprise two categories of accounts: 1) Salaries and Benefits and 2) Services and Supplies. The unaudited Total Expenditures at June 30 was \$970,269 (91% of Final Budget); the difference of \$95,850 between the final budget and Unaudited Year-End is explained below. In October the Commission authorized the transfer of \$11,000 from Contingencies to account for the increase in County Information Services Department charges. The remainder of Contingencies (\$87,356) and the entirety of Reserves (\$429,329) are carried forward into FY 2015-16.

1. Salaries and Benefits (1000 series)

The Salaries and Benefits series of accounts (1000 series) had expenditures of \$679,860 for the year, representing 99% of budget authority.

Mirroring the County Exempt Compensation Plan, in April the Commission approved a one-time incentive payment of \$1,750 for each full-time employee, at a cost of \$8,750 for the five regular employees. The Salary Reserve Account (1000) had a balance of \$9,000 to fund any Replacement Benefit Plan payments required. No cost was identified for the replacement benefit, so these funds were available to accommodate the payment (paid from Account 1050).

2. Services and Supplies (2000 and 5000 series)

A. Year-End Activity

Expenditures for Services and Supplies (2000 and 5000 series of accounts) are at \$290,408 for the year, or 77% of Budget authority. However, \$11,006 in invoices were submitted for payment to the County Auditor in June but will be processed in July. The funds for these activities have been carried forward into FY 2015-16.

B. Status of Ongoing Commission-approved Projects

The following provides an update on expenditures and progress on projects approved by the Commission or special studies initiated by the Commission in response to complaints.

FISCAL INDICATORS:

The initial round of fiscal indicators (2008-2012) are available on the LAFCO website. The project allocation (with contingency) is \$14,497, and \$12,858 of this amount was spent.

With the initial round complete, this special project now transitions to an ongoing maintenance activity. The internal operating practice is that an annual update of the site will occur in July/August of each year. At this time, the indicators for 2013 and 2014 are being formulated and will be distributed to the agencies for review near the end of July.

FEASIBILITY STUDY FOR INCORPORATION OF THE RIM OF THE WORLD COMMUNITIES:

In August 2014, the County Board of Supervisors, as a part of the 2013-14 Year-End Budget Review (Item #64), approved the Discretionary Funding of \$24,773

to be provided to LAFCO to prepare a preliminary feasibility study for the incorporation of the Rim of the World communities. At the September hearing the Commission authorized the contract with Rosenow Spevacek Group (RSG) to prepare the financial projections for this study with the notation that no work would begin until receipt of the County's payment for the project. On September 25, the funds were transferred, and LAFCO staff finalized the contract with RSG. Following the CALAFCO Annual Conference at the end of October, staff met with RSG principal Jim Simon to begin the study process.

A meeting occurred in February with LAFCO staff, RSG, and County representatives to review the receipt of sales tax, transit occupancy tax information, property tax information, and the boundaries proposed for discussion in the feasibility study. Staff continues to work with RSG on the financial projections which were received in draft form at the end of the 2015 fiscal year. Once completed these financial projections will then be incorporated into the preliminary feasibility study anticipated to be presented to the Second District and Commission in the early fall.

Of the \$24,773 received for the special study, \$15,000 is for the contract with RSG. To date, invoices totaling \$11,725 have been received.

SPECIAL STUDY OF THE MORONGO VALLEY COMMUNITY SERVICES DISTRICT:

In August 2014, LAFCO received a complaint from a director of the Morongo Valley Community Services District that was also distributed to the Grand Jury and the Third District Supervisor. The complaint states that since LAFCO's service review/sphere update of November 2012, the district's expenses have increased dramatically. The director requested LAFCO's assistance to review the district's operations and determine the District's ability to preserve fire protection services and avoid bankruptcy.

At this hearing, staff will present the special study to the Commission. The costs for this special study (mainly comprised of staff time) are estimated to be \$5,500, which are borne by the Commission as there is no applicant to charge.

EDUCATIONAL TRAINING PROGRAM FOR SPECIAL DISTRICTS:

As a part of the special study for the Daggett, Newberry, and Yermo Community Services Districts, LAFCO arranged for the Special Districts Risk Management Authority (SDRMA) to conduct local training on board governance. The training held in March 2014 provided access to resources that the districts may not have had otherwise and was attended by 50 representatives. The Commission expressed its intent to build upon this educational pursuit and continue to provide governance training for the special districts within the County. Staff has developed an education program for the coming year with the California Special

Districts Association (CSDA) and the Institute for Local Government (ILG). CSDA has indicated that it would not charge to conduct the training, and ILG has identified a cost of \$2,300.

The anticipated program schedule is as follows:

Educational Training Program Timeline		
Training Session	Collaboration	Tentative Date
Understanding the Brown Act – Beyond the Basics	California Special Districts Association	September 28, 2015
Partnering with Community-based Organizations for more Inclusive Public Engagement	Institute for Local Government	January 13, 2016
Positioning Your Agency for Successful Financing (webinar)	California Special Districts Association	February 24, 2016

3. Contingency and Reserves (6000 series)

Actions taken during the year regarding Contingencies and Reserves include:

- Transferring \$11,000 from Contingencies to account for the increase in County Information Services Department charges.
- Converting the COWCAP Reserve to the Net Pension Liability Reserve.
- Increase Net Pension Liability Reserve by \$15,929 from \$40,503 to \$56,432 to accommodate additional carryover from the prior year.

Revenue and Proposal Activity

1. Revenues at Year-end

The unaudited Total Revenues at year's end is \$1,729,027 which is above budget projections by roughly 9%. The items below outline the revenue activity for the year:

- Interest (Account 8500) – One hundred-seven percent of the interest projected for the year was received by the County Treasury. This is due to interest rates rising ever so slightly.
- Apportionment (Account 8842) – 100% of the mandatory apportionment payments from the County, cities, and independent special districts billed by the County Auditor have been received.
- Fees and Deposits (Accounts 9545-9800) – The Fees and Deposits series of accounts has received 223% of its budgeted revenue (\$130,311). This large variance is due to more proposals received than budgeted, as well as timely recovery of costs in excess of deposits by applicants. Of this amount, 67% is related to proposals, 3% to service contracts, and 30% to cost recovery for completed actions.
- Other Types of Revenue (Accounts 9910-9970) – In sum this category of revenue accounts exceeded budget projections by eleven percent, which includes Miscellaneous Revenues mainly due to payment from CALAFCO for staff participation in CALAFCO functions.

2. Proposal Activity

The figure below identifies the number of proposals, service contracts, and service review deposits received through the year. The figure identifies that proposals and service contracts exceeded projections. This is the second straight year of proposal receipts emerging from many years of stagnant activity. Attachment #2 to this report is a chart showing the yearly comparison of proposal, service review, and completed service review activity.

Activity	Budget	Year-End	
		No.	% of Budget
Proposals	6	8	133%
Service Contracts - Development	1	0	0%
Service Contracts - Admin (E.O.) approval	4	7	175%
Protest Hearing Deposits	6	5	83%

The second cycle of service reviews is underway for the Valley Region. One service review (Water Conservation) reviewing five primary agencies was completed during the year. Staff is currently processing service reviews for open space/habitat preservation, water, and wastewater.

Two special studies were completed during the year: 1) Daggett, Newberry Springs, and Yermo communities (related to the Grand Jury report) and 2) Morongo Valley Community Services District (stemming from a complaint).

Fund Balance

As of June 30, 2015, the Commission's cash in the County Treasury was \$758,758. A breakdown of this amount is shown below.

June 30, 2015 Balance		\$758,758
Balance is composed of the following:		
<i>Liabilities (as of June 30, 2015)</i>		
	Unearned Revenue from open applications	39,082
	Deposits Payable/(Receivable) from open applications	1,751
	Accounts Payable, above materiality level (as of June 30, 2015)	11,006
	Encumbered contract with RSG for Rim of the World financial projections	3,275
<i>Committed (constrained to specific purposes)</i>		
	Net Pension Liability Reserve (Account 6010)	56,432
	Compensated Absences Reserve (Account 6030)	72,897
<i>Assigned (intended for specific purposes)</i>		
	Contingency (Account 6000)	87,356
	General Reserve (Account 6025)	300,000
	Amount used to Balance FY 15-16 Budget	157,824
<i>Estimated Unassigned Carryover into FY 2015-16</i>		29,136
BALANCE		\$758,758

After accounting for liabilities, committed, and assigned funds, the additional carryover into FY 2015-16 is \$29,136. At the first quarter review for FY 2015-16, staff will present a discussion of the use of these revenues and recommend the appropriate action or placement of the unassigned, additional carryover.

CONCLUSION:

Total expenditures were within appropriation authority for all fund categories, and total revenues were above projections due to an increase in applications received during the year. The remainder of Contingencies (\$87,356) and the entirety of Reserves (\$429,329) were carried forward into FY 2015-16.

Of importance is that the report identifies that this is the second straight year of proposal receipts reaching or exceeding full-year targets, an indication that proposal activity is on the uptick after many years of stagnation.

Staff recommends that the Commission take the action identified on page 1 of this report to receive and file the report. Staff will be happy to answer any questions from the Commission prior to or at the hearing.

MT/KRM

Attachments:

1. Spreadsheet of Year-end Expenditures, Reserves, and Revenues for FY 2014-15
2. Chart Illustrating Yearly Proposal, Service Contract, and Service Review Activity

**Spreadsheet of Year-end Expenditures,
Reserves, and Revenues for FY 2014-15**

Attachment 1

ACCT.	ACCOUNT NAME	ACTUAL	ACTUAL	FINAL	THRU	UNAUDITED	PERCENT
#		YEAR-END	YEAR-END	BUDGET	MIDYEAR	YEAR-END	YEAR-END
		FY 12-13	FY 13-14	FY 14-15			
	SALARIES AND BENEFITS						
1010	Regular Salary, Cell Phone, and Bilingual	\$ 379,028	\$ 408,248	\$ 437,522	\$ 217,248	\$ 434,318	99%
1030	Auto and Cell Phone Allowances	14,600	15,062	14,881	8,500	17,000	114%
1035	Overtime	1,028	361		154	201	
1050	Special Compensation					8,750	
1110	General Member Retirement	70,512	81,993	99,625	51,804	104,122	105%
1130	Survivors Benefits	81	160	178	118	238	134%
1135	Indemnification - General	15,538	16,641	20,163	10,743	20,634	102%
1200	Employee Group Insurance (Health Subsidy)	35,599	41,141	50,040	22,810	45,620	91%
1205	Long-Term Disability	883	994	1,099	537	1,079	98%
1207	Vision Care Insurance	589	759	837	411	822	98%
1215	Dental Insurance & Health Subsidy	1,701	1,466	1,557	765	1,530	98%
1222	Short-Term Disability	2,728	3,312	3,658	1,789	3,590	98%
1225	Social Security Medicare	4,728	5,128	5,637	2,767	5,646	100%
1235	Workers' Compensation	2,644	1,573	4,782	1,060	1,983	41%
1240	Life Insurance & Medical Trust Fund	4,415	4,546	5,289	2,307	4,614	87%
1305	Other (Medical Reimbursement Plan)	2,600	2,600	6,920	1,100	2,140	31%
1314	401a Defined (LAFCO Contribution)	1,327	1,451	1,650	810	1,622	98%
1315	401k Contribution	21,037	22,983	26,400	12,952	25,951	98%
1000	Salary Reserve	-	-	9,000	-	-	0%
	TOTAL SALARIES & BENEFITS	\$ 559,037	\$ 608,417	\$ 689,235	\$ 335,876	\$ 679,860	99%
	Staffing (Full time equivalent units)	4.5	5.5	5.5			
	SERVICES AND SUPPLIES						
	Services:						
2037	COMNET Charge (ISF)	\$ 2,590	\$ 2,532	\$ 2,874	\$ 1,211	\$ 2,432	85%
2038	Long Distance Charges	74	86	120	43	81	67%
2040	Relocation Charges	-	-	10,000	-	-	0%
2041	Phone Service/Outside Company	304	366	5,540	267	422	8%
2043	Electronic Equipment Maintenance	-	140	-	121	498	
2075	Membership Dues	8,089	8,324	8,515	8,509	8,509	100%
2076	Tuition Reimbursement	-	1,100	2,000	-	100	5%
2080	Publications	3,000	2,054	3,600	1,403	2,690	75%
2085	Legal Notices	5,193	9,223	26,000	7,337	12,936	50%
2110	Facilities Management Charges		304			-	
2115	Computer Software	2,825	6,427	3,346	2,477	4,234	127%

ACCT.	ACCOUNT NAME	ACTUAL	ACTUAL	FINAL	THRU	UNAUDITED	PERCENT
#		YEAR-END	YEAR-END	BUDGET	MIDYEAR	YEAR-END	YEAR-END
		FY 12-13	FY 13-14	FY 14-15			
2125	Inventoriable Equipment	3,252	-	17,500	4,660	4,660	27%
2195	Reimbursement Services and Supplies	-	4,304		-	-	
2245	Other Insurance	6,998	7,074	7,012	7,078	7,128	102%
	Supplies:						
2305	General Office Expense	8,710	11,621	19,391	3,592	12,844	66%
2308	Credit Card Clearing Account	(288)	(85)	-	(152)	(1,628)	
2310	Postage - Direct Charge	5,373	12,352	10,662	9,978	19,869	186%
2315	Records Storage	940	581	570	238	620	109%
2323	Reproduction Services	102	870	-	58	2,601	
2335	Temporary Services	16,965	13,311	-	-	-	
	Consultant & Special Services:						
2400	Prof & Special Service (Legal Counsel)	21,903	24,048	36,800	15,717	28,042	76%
2405	Auditing	8,372	7,527	11,799	6,000	8,000	68%
2410	Data Processing	6,630	7,142	7,611	3,851	6,848	90%
2414	Application Development Maintenance		-	-		-	
2415	COWCAP	9,219	6,053	6,308	3,154	6,308	100%
2420	ISD Other IT Services	244	344	1,008	373	753	75%
2421	ISD Direct	739	1,772	12,800	-	10,157	79%
2424	Mgmt & Tech (Environmental Consultant)	8,853	15,339	9,800	6,091	11,288	115%
2444	Security Services	408	578	408	204	408	100%
2445	Other Prof (Commission, Surveyor, ROV)	44,593	32,275	46,196	11,513	42,133	91%
2449	Outside Legal (Litigation & Special Counsel)	5,050	2,909	10,000	2,552	3,956	40%
2450	Application Development Support	10,499	19,709	17,500	216	216	1%
2460	GIMS Charges	10,500	11,877	14,600	-	10,608	73%
	Lease/Purchases:						
2895	Rent/Lease Equipment (copier)	4,235	2,610	4,800	-	4,912	102%
2905	Office/Hearing Chamber Rental	48,859	53,576	51,270	25,860	51,219	100%
	Travel Related Expenses:						
2940	Private Mileage	4,760	5,135	6,418	1,199	2,410	38%
2941	Conference/Training	5,363	4,225	7,950	5,164	6,817	86%
2942	Hotel	5,482	5,264	5,486	5,208	6,838	125%
2943	Meals	743	923	1,900	554	1,150	61%
2944	Car Rental	1,247	653	500	34	227	45%

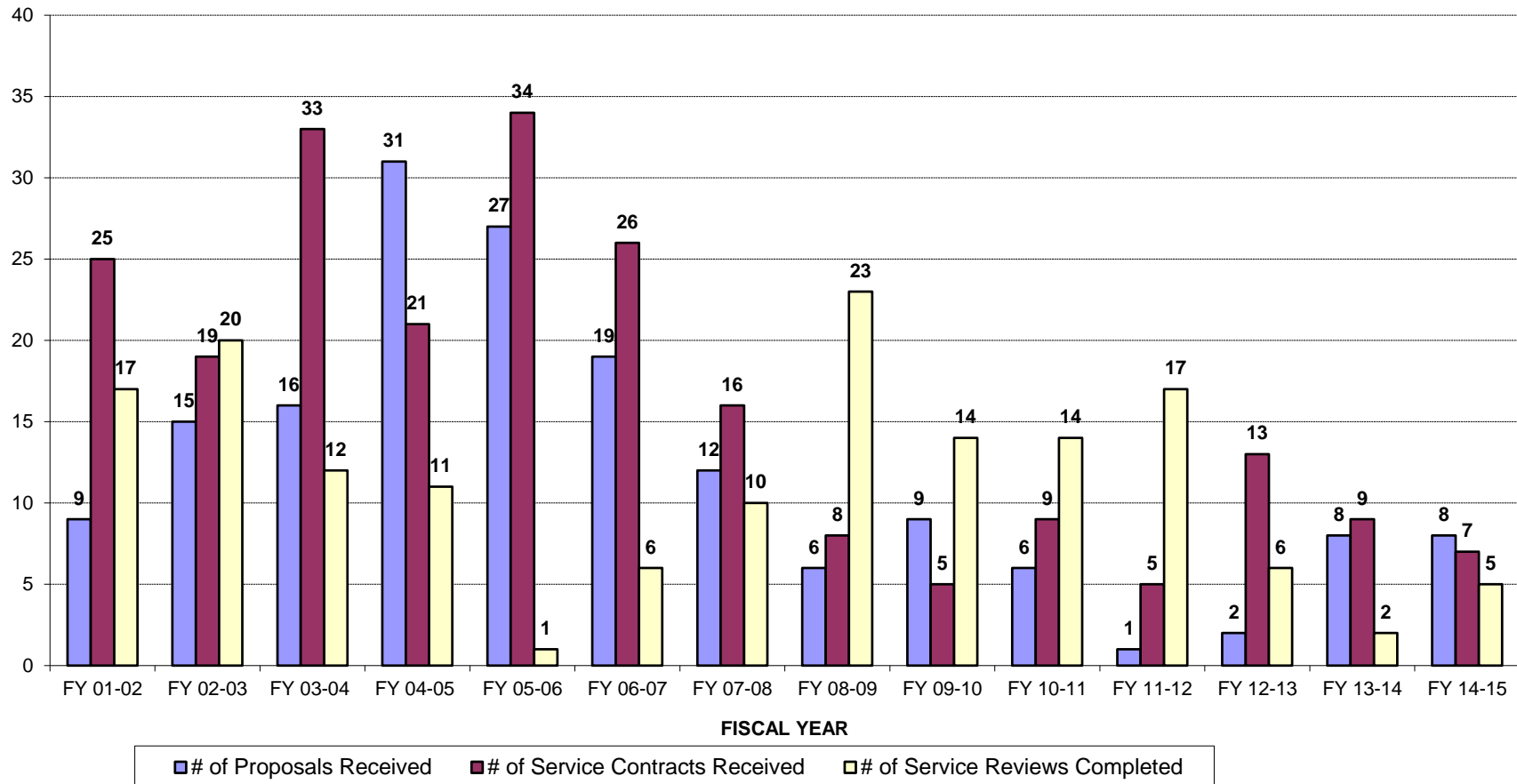
ACCT.		ACCOUNT NAME	ACTUAL	ACTUAL		FINAL	THRU	UNAUDITED	PERCENT
#			YEAR-END	YEAR-END		BUDGET	MIDYEAR	YEAR-END	YEAR-END
			FY 12-13	FY 13-14		FY 14-15			
2945		Air Travel	1,954	4,241		2,400	670	3,705	154%
2946		Other Travel	677	1,061		600	264	1,676	279%
		Other Charges:							
5012		Services Out (Staples)	1,480	4,146		3,600	2,106	4,742	132%
		TOTAL SERVICES & SUPPLIES	\$ 265,938	\$ 291,993		\$ 376,884	\$ 137,550	\$ 290,409	77%
		TOTAL EXPENDITURES	\$ 824,975	\$ 900,410		\$ 1,066,119	\$ 473,426	\$ 970,269	91%
6000		Contingency	-	-		\$ 87,356		-	
6010		Net Pension Liability Reserve	-	-		56,432		-	
6025		General Reserve	-	-		300,000		-	
6030		Compensated Absences Reserve	-	-		72,897		-	
		TOTAL CONTINGENCIES & RESERVES	\$ -	\$ -		\$ 516,685	\$ -	\$ -	
		TOTAL APPROPRIATION	\$ 824,975	\$ 900,410		\$ 1,582,804	\$ 473,426	\$ 970,269	

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 12-13	ACTUAL YEAR-END FY 13-14	FINAL BUDGET FY 14-15	THRU MID-YEAR	UNAUDITED YEAR-END	PERCENT YEAR-END
	CONTRIBUTION REVENUES						
	Use of Money:						
8500	Interest	\$ 4,009	\$ 3,066	\$ 4,000	\$ 1,848	\$ 4,287	107%
	Mandatory Contribution from Governments:						
8842	Local Government -- For FY 2013-14 apportionment to County, Cities, and Independent Special Districts of approximately \$288,274 each	903,000	864,822	864,821	864,822	864,822	100%
	Fees and Deposits (Current Services):						
9545	Individual Notice	4,402	11,200	4,900	1,700	5,912	121%
9555	Legal Services	5,934	8,625	7,475	3,043	9,195	123%
9655	GIMS Fees	1,255	3,235	2,400	3,895	7,580	316%
9660	Environmental	10,171	12,580	4,950	6,709	12,005	243%
9800	LAFCO Fees	33,004	99,656	38,750	49,723	95,619	247%
		54,765	135,296	58,475	65,069	130,311	223%
	TOTAL CONTRIBUTION REVENUES	\$ 961,774	\$ 1,003,185	\$ 927,296	\$ 931,740	\$ 999,420	108%
	OTHER REVENUES						
9910	Refunds from Prior Year Revenue	\$ 1,401	\$ 1,761	\$ (2,000)	\$ (2,472)	\$ (2,472)	124%
9930	Miscellaneous Revenues	1,652	3,538	1,500	10	2,211	147%
	Carryover from Prior Year						
9970	Contingencies	41,507	84,730	99,872	99,872	99,872	100%
9970	COWCAP Reserve	56,000	46,780	46,780	46,780	46,780	100%
9970	General Reserve	180,000	200,000	250,000	250,000	250,000	100%
9970	Comp. Absences Reserve	62,003	66,620	66,620	66,620	66,620	100%
9970	Ongoing Approved Projects	33,056			16,510	16,510	
9970	Other Carryover	108,937	223,425	192,736	249,887	250,087	130%
9995	Residual Equity		40		-		
	TOTAL OTHER REVENUES	\$ 484,556	\$ 626,895	\$ 655,508	\$ 727,207	\$ 729,607	111%
	TOTAL REVENUES	\$ 1,446,330	\$ 1,630,079	\$ 1,582,804	\$ 1,658,947	\$ 1,729,027	109%
Note: Spreadsheet utilizes the cash basis of accounting and does not include accrual/reversal data which do not affect fund balance.							

Chart Illustrating Yearly Proposal, Service Contract, and Service Review Activity

Attachment 2

Number of Proposals & Service Contracts Received, and Service Reviews Completed by Fiscal Year



Through June 2015

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: JULY 2, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
REBECCA LOWERY, Clerk to the Commission

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #4: APPROVAL OF FISCAL YEAR 2006-07 FINANCIAL
RECORDS DESTRUCTION PURSUANT TO COMMISSION POLICY

RECOMMENDATION:

Staff recommends the Commission direct the Executive Officer, as Records Management Coordinator, to:

1. Destroy the Commission's financial records for Fiscal Year 2006-07 pursuant to the Commission's Records Retention Policy, and
2. Record the items to be destroyed in the Destruction Log along with a copy of the Commission's minute action authorizing destruction.

BACKGROUND:

The Commission's Records Retention Policy states that the Executive Officer, as the Records Management Coordinator, shall present a Commission agenda item once a year related to records to be destroyed.

As a part of the Records Retention Policy, the adopted Records Retention Schedule provides for a seven year retention period for all financial records, regardless if the statutes permit a lesser retention period. The records for destruction include expense reports, budgets, billings, accounting reports, budget change proposals, budget change concepts, audits, invoices, fees, receipts, checks, ledgers, and registers. In addition, the Fair Political Practices Commission (FPPC) also provides for a seven year retention period for Statements of Economic Interest (Form 700). The records for destruction will also include the Form 700s for the 2005 and 2006 calendar year.


Staff recommends the Commission direct the Executive Officer to take the actions listed in the Recommendation above.

Should the Commission have any questions, staff will be happy to answer them before or at the hearing.

KRM/rl

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : JULY 1, 2015 
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #5 - RATIFY PAYMENTS AS RECONCILED FOR
MONTHS OF MAY AND JUNE 2015 AND NOTE REVENUE
RECEIPTS

RECOMMENDATION:

Ratify payments as reconciled for the months of May and June 2015 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments of deposits or other charges that cover the periods of May 1 through May 31, 2015 and June 1, 2015 through June 30, 2015.

Staff is recommending that the Commission ratify the payments for May and June 2015 outlined on the attached listings and note the revenues received.

KRM/rci

Attachment

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF JUNE 2015 PAYMENTS PROCESSED					
VOUCHER DOCUMENT ID	ACCOUNT	NAME	WARRANT NUMBER	WARRANT DATE	AMOUNT
PV8908376		BEST BEST & KRIEGER	3250959	6/8/2015	\$ 5,903.26
PV8908377		ROSENOW SPEVACEK GROUP INC	8666923	6/5/2015	\$ 6,167.50
PV8908378		TOM DODSON & ASSOCIATES	3250934	6/5/2015	\$ 510.00
PV8908379 - 89		NOT YET PROCESSED			
PV8908390		CALAFCO	8672244	6/15/2015	\$ 150.00
TOTAL					\$ 12,730.76
MONTH OF JUNE 2015 INTERNAL TRANSFERS PROCESSED					
JVIB 11092037D	2037	MAY 2015 PHONE		6/9/2015	\$ 203.49
JVIB 11092038D	2038	MAY 2015 LONG DISTANCE		6/9/2015	\$ 4.46
JV890RT19816	2305	STAPLES SERVICE CHARGE		6/15/2015	\$ 43.20
	5012	STAPLES SUPPLIES			
JVATXRT19036	2308	CAL-CARD PAYMENT - MAY		6/2/2015	\$ 1,896.51
JVPURRT19099	2310	1ST CLASS PRESORT- MAIL		6/5/2015	\$ 14.15
JVPURRT19101	2310	PACKAGING - MAIL		6/5/2015	\$ 666.88
JVPURRT19102	2310	PRESORT FLATS - MAIL		6/5/2015	\$ 41.23
JVPURRT19107	2310	INTER-OFFICE MAIL		6/5/2015	\$ 164.00
JVPURRT19111	2310	PACKAGING - MAIL		6/5/2015	\$ 3.77
JVPURRT19067	2323	PRINTING SERVICES - ENVELOPES		6/8/2015	\$ 691.91
JVIB 11092410AA	2410	MAY 2015 DATA PROCESSING		6/9/2015	\$ 1.96
JVIB 11092410AE	2410	MAY 2015 DATA PROCESSING		6/9/2015	\$ 152.31
JVIB 11092410D	2410	MAY 2015 DATA PROCESSING		6/9/2015	\$ 28.08
JVIB 11092410O	2410	MAY 2015 DATA PROCESSING		6/9/2015	\$ 154.51
JVIB 11092410S	2410	MAY 2015 DATA PROCESSING		6/9/2015	\$ 65.98
JVIB 11092410W	2410	MAY 2015 DATA PROCESSING		6/9/2015	\$ 154.58
JVIB 11092420J	2420	MAY 2015 ISD OTHER IT SERVICES		6/9/2015	\$ 58.44
JVIB 11092421F	2421	MAY 2015 ISD DIRECT		6/9/2015	\$ 683.84
JVIB 11092460B	2460	MAY 2015 GEOGRAPH INFORMATION		6/9/2015	\$ 108.00
TOTAL					\$ 5,137.30

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF JUNE 2015 CASH RECEIPTS

DEPOSIT DOCUMENT ID	ACCOUNT	DESCRIPTION	DEPOSIT DATE	AMOUNT
CR890A14073	9545	INDIVIDUAL NOTICE - LAFCO 3181 - REIMBURSEMENT OF CHARGES	6/5/2015	\$ 912.82
	9655	GIMS FEES - LAFCO 3184 - BALANCE OF FEES DUE	6/5/2015	\$ 485.00
	9660	ENVIRONMENTAL - SC#396	6/5/2015	\$ 50.00
	9880	LAFCO FEES	6/5/2015	\$ 480.00
CR890A14244	9330	MISCELLANEOUS REVENUES	6/9/2015	\$ 1,000.00
CR890A14400	9545	INDIVIDUAL NOTICE - LAFCO 3177 - REIMBURSEMENT OF CHARGES	6/11/2015	\$ 230.25
	9555	LEGAL SERVICES - LAFCO 3177 - REIMBURSEMENT OF CHARGES	6/11/2015	\$ 810.38
	9660	ENVIRONMENTAL - LAFCO 3177 - REIMBURSEMENT OF CHARGES	6/11/2015	\$ 12.86
CR890A14911	9545	INDIVIDUAL NOTICE - LAFCO 3193/3194	6/23/2015	\$ 1,400.00
	9555	LEGAL SERVICES - LAFCO 3193/3194	6/23/2015	\$ 2,300.00
	9660	ENVIRONMENTAL - LAFCO 3193/3194	6/23/2015	\$ 1,500.00
	9800	LAFCO FEES - LAFCO 3193/3194	6/23/2015	\$ 23,000.00
	9930	MISCELLANEOUS FEES	6/23/2015	\$ 48.50
CR890A15165	9545	INDIVIDUAL NOTICE - LAFCO 3172 REIMBURSEMENT OF CHARGES	6/25/2015	\$ 269.20
	9555	LEGAL SERVICES - LAFCO 3172 REIMBURSEMENT OF CHARGES	6/25/2015	\$ 742.48
	9660	ENVIRONMENTAL - LAFCO 3172 REIMBURSEMENT OF CHARGES	6/25/2015	\$ 1,728.16
	9930	REIMBURSEMENT OF CALAFCO EXPENSES FOR ASST. EXECUTIVE OFFICER	6/25/2015	\$ 666.00
TOTAL				\$ 35,635.65

MONTH OF JUNE 2015 INTERNAL TRANSFERS RECEIVED

TRANSFER DOCUMENT ID	ACCOUNT	NAME	TRANSFER DATE	AMOUNT
JV600RT19265	9660	ENVIRONMENTAL FEES	6/8/2015	\$ 305.00
JVFADRT20248	9948	OFFICE DEPOT SETTLEMENT WITH COUNTY PURCHASING	6/30/2015	\$ 486.00
TOTAL				\$ 791.00



REBECCA LOWERY, Clerk to the Commission

7/7/2015
DATE

RECONCILIATION APPROVED BY:



KATHLEEN ROLLINGS-McDONALD, Executive Officer

7/7/2015
DATE

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF MAY 2015 PAYMENTS PROCESSED					
VOUCHER DOCUMENT ID	ACCOUNT	NAME	WARRANT NUMBER	WARRANT DATE	AMOUNT
PV890Z071419	2305	REBECCA LOWERY FUND CUSTODIAN (PETTY CASH)	8661701	5/26/2015	\$ 244.01
PV8908359	2445/2940	JIM BAGLEY	8657078	5/18/2015	\$ 303.40
PV8908360	2445/2940	KIMBERLY COX	865708	5/18/2015	\$ 262.10
PV8908361	2445/2940	JAMES V CURATALO	8657074	5/18/2015	\$ 228.75
PV8908362	2445/2940	STEVEN FARRELL	8657248	5/18/2015	\$ 218.98
PV890836301	2445	JANICE RUTHERFORD	8657076	5/18/2015	\$ 200.00
PV890836302	2445	JAMES C RAMOS	8657075	5/18/2015	\$ 200.00
PV890836303	2445	LARRY MCCALLON	8657088	5/18/2015	\$ 200.00
PV8908364	2445/2940	SUNIL SETHI	8657193	5/18/2015	\$ 229.90
PV8908365	2445/2940	DIANE WILLIAMS	8657028	5/18/2015	\$ 229.90
PV8908366	2445	CITY OF SAN BERNARDINO	8657001	5/18/2015	\$ 300.00
PV8908367	2085	DAILY JOURNAL	8657021	5/18/2015	\$ 906.24
PV8908368	2445	ROSENOW SPEVACEK GROUP	8657157	5/18/2015	\$ 1,400.00
PV8908369	2115	ECS IMAGING INC	8657036	5/18/2015	\$ 400.00
PV8908370	2424	TOM DODSON & ASSOCIATES	3249522	5/18/2015	\$ 510.00
PV8908371	2305	CITY OF SAN BERNARDINO	8657000	5/18/2015	\$ 25.00
PV8908372	2400	BEST BEST & KRIEGER	3249591	5/20/2015	\$ 4,685.83
PV8908373	2444	MJS ALARM CORP	3249746	5/20/2015	\$ 102.00
PV8908374	2445	CITY OF SAN BERNARDINO	8660004	5/22/2015	\$ 300.00
PV8908375	2905	INLAND EMPIRE PROPERTIES	3249963	5/22/2015	\$ 8,453.24
TOTAL					\$ 19,399.35
MONTH OF MAY 2015 INTERNAL TRANSFERS PROCESSED					
JVIB 10062037D	2037	APRIL 2015 PHONE		5/6/2015	\$ 203.49
JVIB 10062038D	2038	APRIL 2015 LONG DISTANCE		5/6/2015	\$ 8.30
JVCS 20150526062	2305	STAPLES SERVICE CHARGE		5/26/2015	\$ 112.50
JVCS 20150526062	5012	STAPLES SUPPLIES		5/26/2015	\$ 937.48
JV890RT16422	2308	CAL-CARD PAYMENT - APRIL		5/1/2015	\$ 2,243.74
JVPURRT16889	2310	FOLD/TAB/LABEL - LAFCO 3186 PROTEST - MAIL		5/11/2015	\$ 369.78
JVPURRT16890	2310	INSERT - LAFCO 3186 PROTEST - MAIL		5/11/2015	\$ 369.78
JVPURRT16891	2310	PACKAGING - MAIL		5/11/2015	\$ 5.40
JVPURRT16892	2310	INTER-OFFICE MAIL		5/11/2015	\$ 8.20
JVPURRT16894	2310	INTER-OFFICE MAIL		5/11/2015	\$ 180.40
JVPURRT16899	2310	PRESORT FLATS - MAIL		5/11/2015	\$ 292.37
JVPURRT16901	2310	PACKAGING - MAIL		5/11/2015	\$ 301.61
JVPURRT16904	2310	1ST CLASS - MAIL		5/11/2015	\$ 31.25
JVPURRT16903	2310	1ST CLASS PRESORT- MAIL		5/13/2015	\$ 3,682.45
JVPURRT18142	2323	PRINTING SERVICES -NOTICE - LAFCO 3186 PROTEST		5/28/2015	\$ 234.30
JVIB 10062410AB	2410	APRIL 2015 DATA PROCESSING		5/6/2015	\$ 1.96
JVIB 10062410AF	2410	APRIL 2015 DATA PROCESSING		5/6/2015	\$ 152.31
JVIB 10062410AK	2410	APRIL 2015 DATA PROCESSING		5/6/2015	\$ 0.35
JVIB 10062410E	2410	APRIL 2015 DATA PROCESSING		5/6/2015	\$ 28.08
JVIB 10062410P	2410	APRIL 2015 DATA PROCESSING		5/6/2015	\$ 154.51
JVIB 10062410T	2410	APRIL 2015 DATA PROCESSING		5/6/2015	\$ 65.98
JVIB 10062410X	2410	APRIL 2015 DATA PROCESSING		5/6/2015	\$ 154.58
JVIB 10062420J	2420	APRIL 2015 ISD OTHER IT SERVICES		5/6/2015	\$ 58.44
JVIB 10062421F	2421	APRIL 2015 ISD DIRECT		5/6/2015	\$ 683.84
JV890RT16568	2424	COB FILING - NOE FOR LAFCO SC#394 & SC#395		5/1/2015	\$ 100.00
JV890RT16964	2424	COB FILING - NOE FOR LAFCO SC#396		5/12/2015	\$ 50.00

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF MAY 2015 INTERNAL TRANSFERS PROCESSED (CONT.)



JV890RT18478	2424	COB FILING - NOE FOR LAFCO 3174, NOD 3183 & 3184		5/29/2015	\$	150.00
JV890RT16567	2445	ROV LAFCO 3183 & 3184 - INV 2348		5/1/2015	\$	270.32
JV890RT16567	2445	ROV LAFCO 3186 - INV 2347		5/1/2015	\$	270.32
JV890RT16567	2445	ROV LAFCO 3183 & 3184 - INV 2349		5/1/2015	\$	270.32
JV890RT18479	2445	SURVEYOR CHARGES - LAFCO 3173, 3182 & 3183/3184		5/29/2015	\$	1,350.00
JVCAORT16469	2941	CITY/COUNTY CONFERENCE REGISTRATION - ROLLINGS McDONALD		5/4/2015	\$	165.00
JVATXRT16910	2941	FAS TRAINING - SERRANO		5/11/2015	\$	18.00
JVCAORT16469	2942	CITY/COUNTY CONFERENCE OVERNIGHT ACCOMMODATIONS - ROLLINGS McDONALD		5/4/2015	\$	130.00
TOTAL					\$	13,055.06

MONTH OF MAY 2015 CASH RECEIPTS

DEPOSIT DOCUMENT ID	ACCOUNT	DESCRIPTION	DEPOSIT DATE	AMOUNT
		NONE		
TOTAL				\$ -

MONTH OF MAY 2015 INTERNAL TRANSFERS RECEIVED

TRANSFER DOCUMENT ID	ACCOUNT	NAME	TRANSFER DATE	AMOUNT
JVSPDRT18137	9800	LAFCO 3179/3180 - REIMBURSEMENT OF CHARGES	5/28/2015	\$ 2,935.82
TOTAL				\$ 2,935.82

 REBECCA LOWERY, Clerk to the Commission	7/6/2015 DATE
RECONCILIATION APPROVED BY:	
 KATHLEEN ROLLINGS-McDONALD, Executive Officer	7/6/2015 DATE

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: JULY 7, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #6 – Consideration of Fee Reduction Requested by Phelan Pinion Hills Community Services District for its Reorganization Proposal (LAFCO 3194)

RECOMMENDATION:

Staff recommends that the Commission approve a reduction in application fees for LAFCO 3194 totaling \$4,455 by combining Areas 1 and 2 into a single area.

BACKGROUND:

On June 22, 2015, the Phelan Pinion Hills Community Services District (hereinafter the "PPHCSD" or "District") submitted two concurrent proposals for a sphere of influence amendment (expansion) for the District of 2,060 acres (LAFCO 3193) and a reorganization that includes the annexation of three separate District owned parcels totaling 480 acres (LAFCO 3194). Included in the District's application were letters requesting a reduction in filing fees (see attached letters from Don Bartz, General Manager, PPHCSD). In these letters, the District identified its request that the LAFCO annexation fee be reduced by \$9,000 (or ½); due to the proximity of the annexation areas.

Based on the Commission's adopted fee schedule, the total filing fee for the reorganization is \$ 20,600. The breakdown below shows all the required fees/deposits for the reorganization proposal:

LAFCO Filing Fees

a. Reorganization Proposal	\$18,000
Three Separate Areas of 160 acres each for \$6,000 fee per area	

Required Deposits

b. Legal Counsel	\$1,150
c. Environmental Review	\$750
d. Individual Notice	\$700

TOTAL	\$20,600
--------------	-----------------

While staff cannot support the request of the District, it would propose that since Areas 1 and 2 have pinpoint contiguity to combine these into a single annexation area (and fee) and retain Area 3 as a separate area. Based on the Commission's adopted fee schedule, the following is the breakdown of the total fees/deposits to be applied to the proposal as modified:

• Reorganization Proposal (LAFCO 3194)	\$13,545
○ Areas 1 and 2 (320 acres - \$7,545)	
○ Area 3 (160 acres -- \$6,000)	
• Legal Counsel Deposit	\$1,150
• Environmental Review Deposit	\$750
• Individual Notice	\$700
TOTAL	\$16,145

Combining Areas 1 and 2 into a single area reduces the reorganization areas from three to two, which would provide for a refund of \$4,455 to the District. Staff is recommending that the Commission make this determination. Staff will be happy to answer any questions of the Commission prior to or at the hearing.

KRM

Attachment

1. Letter Dated June 22 and April 7, 2015 from the Phelan Pinion Hills Community Services District
2. Map of the Reorganization Proposal (LAFCO 3194)

**Letters Dated June 22 and April 7,
2015 from the Phelan Pinion Hills
Community Services District**

Attachment 1



Phelan Piñon Hills Community Services District

4176 Warbler Road • P. O. Box 294049 • Phelan, CA 92329-4049 • (760) 868-1212 • Fax (760) 868-5072

June 22, 2015

RECEIVED
JUN 22 2015

Mrs. Kathleen Rollings-McDonald
Executive Officer
215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490

LAFCO
San Bernardino County

Re: Phelan Piñon Hills Community Services District El Mirage Sphere of Influence and Annexation

Dear Rollings-McDonald:

Please find the submittal for the El Mirage Sphere of Influence and Annexation of the dairy properties as outlined in the letter from LAFCO dated April 14, 2015.

Attached are:

- Application and Preliminary Environmental Description Form
- Certified copy of Resolution 2015-11 with sphere change and annexation proposal (2 copies)
- Plan for Services and Fiscal Impact Analysis (1 copy)
- An electronic copy of the signed Plan of Service has been emailed to Sam Martinez at: SMartinez@LAFCO.SBCounty.gov
- Sphere of Influence application (3 copies)
- Sphere of Influence filing fees of \$7,600
- Sphere of Influence Map (7 copies)
- Sphere of Influence legal description (2 copies)
- Annexation application (3 copies)
- Annexation filing fees of \$20,600
- Annexation Map (7 copies)
- Annexation legal description (2 copies)

The District would kindly request a waiver for a portion of the filing fees for areas 1, 2, and 3. There are only 5 parcels and relatively close to each we would kindly request a waiver amount of \$9,000 from the total amount of \$18,000.

If you have any questions or need further information, please feel free to contact George Cardenas, Engineering Manager, at (760) 868-1212 ext. 311.

Sincerely,

Don Bartz
General Manager, PPHCSD

Board of Directors

Mark Roberts, Director

Al Morrisette, President

Cathy Pace, Director

Dan Whalen, Vice President

Alex Brandon, Director



Phelan Piñon Hills Community Services District

4176 Warbler Rd. • P. O. Box 294049 • Phelan, CA 92329-4049 • (760) 868-1212 • Fax (760) 868-2323

April 7, 2015

Local Area Formation Commission
San Bernardino County
Attn: Kathleen Rollings-McDonald
215 North D Street, Suite 204
San Bernardino, CA 92415-0490

RECEIVED
APR 13 2015

LAFCO
San Bernardino County

RE: Application & Fee Waiver for Application Submission Fees for Annexation

Dear Ms. Rollings-McDonald,

Enclosed is the Phelan Piñon Hills Community Services District's (District) application to annex District-owned property into the District's boundaries. As part of this application, the District is hereby requesting a relief waiver in the amount of \$9,000 for the application submission fees for annexation. We are requesting this 50% reduction due to the close proximity of the parcels to be annexed and the anticipated efficiencies with processing the application.

If you have any questions regarding the application or the relief request, please contact me at your earliest convenience.

Sincerely,

Don Bartz
General Manager

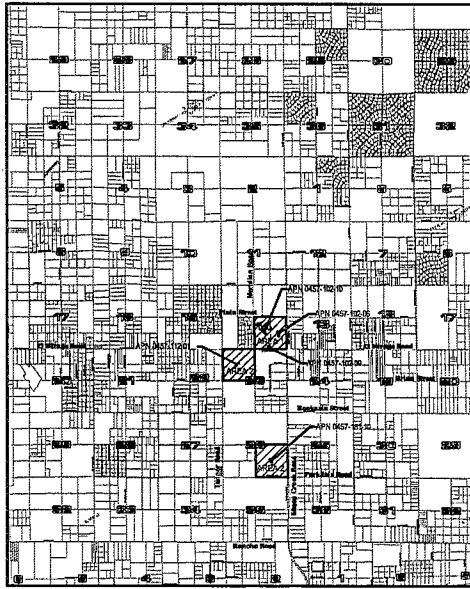
ENCLOSURES:

- Plan for Service and Fiscal Impact Analysis: Sphere of Influence Expansion and Annexation Study
- San Bernardino LAFCO Application and Preliminary Environmental Description Form
- Supplement for Annexation, Detachment, Reorganization Proposals
- Resolution No. 2015-11; Initiating Proceedings for a Sphere of Influence Amendment and Reorganization to Include Annexation of Selected Parcels into the Phelan Piñon Hills Community Services District and Detachment from County Service Area 70 Zone P-6.

Map of the Reorganization Proposal (LAFCO 3194)

Attachment 2

EXHIBIT "B"



BOUNDARY PARCEL LISTING

① ASSESSOR'S PARCEL NUMBER

- ① 0457-102-10
- ② 0457-102-06
- ③ 0457-102-09
- ④ 0457-112-01
- ⑤ 0457-181-10

APPROXIMATE ACREAGE:

480 ACRES

COURSE TABLE

①	DIRECTION/CURVE DATA	DISTANCE
①	SOUTHERLY	2640'
②	WESTERLY	2640'
③	NORTHERLY	2640'
④	EASTERLY	2640'
⑤	NORTHERLY	2640'
⑥	EASTERLY	2640'
⑦	SOUTHERLY	2640'
⑧	WESTERLY	2640'
⑨	NORTHERLY	2640'
⑩	WESTERLY	2640'
⑪	SOUTHERLY	2640'
⑫	EASTERLY	2640'

LEGEND:

- PROPOSED PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT ANNEXATION BOUNDARY
- NORTH LINE PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT
- ① BOUNDARY DESCRIPTION REFERENCE NUMBER
- ② ASSESSOR'S PARCEL NUMBER (REFERENCE NUMBER)
- PROPOSED ANNEXATION AREA

AFFECTED AGENCIES:

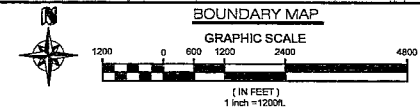
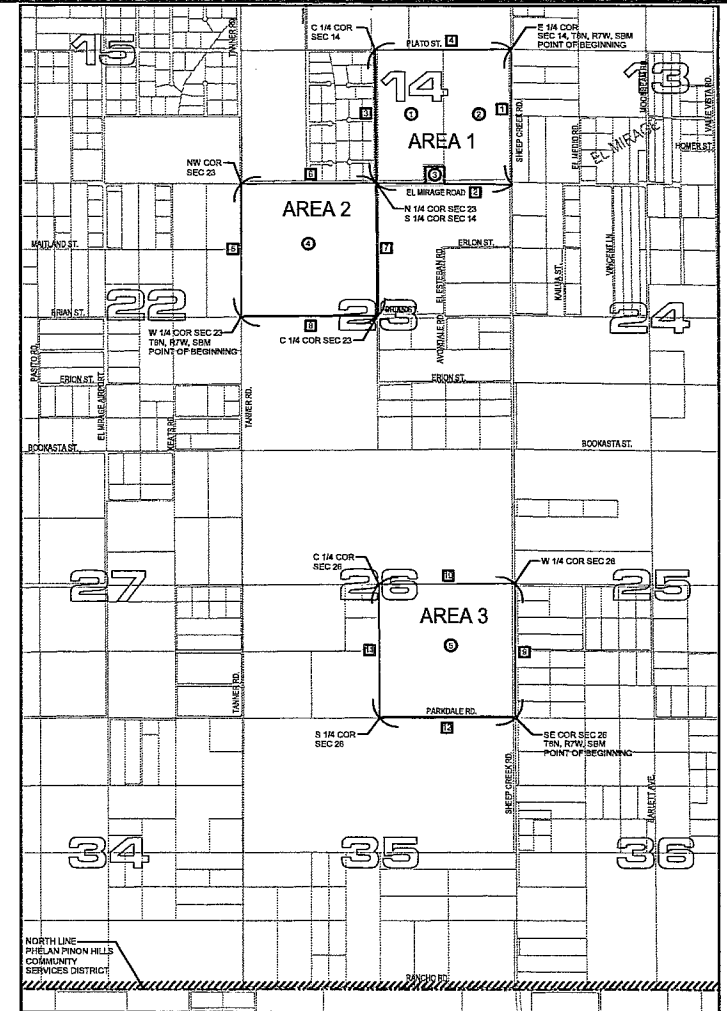
EL MIRAGE STUDY AREA
PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT

DATE OF PREPARATION:



TRLS ENGINEERING Inc.

10770 I Ave. Ste. 108
Hesperia, CA 92345
(760) 948-4900



LAFCO NO.


REORGANIZATION TO INCLUDE ANNEXATIONS TO THE
PHELAN PINON HILLS COMMUNITY SERVICES DISTRICT AND
DETACHMENT FROM EL MIRAGE STUDY AREA

AREA 1, 2 & 3 - ANNEXATION TO THE PHELAN PINON HILLS
COMMUNITY SERVICES DISTRICT AND DETACHMENT FROM
EL MIRAGE STUDY AREA

THE SOUTHEAST QUARTER OF SECTION 14, T6N, R7W, S.B.M. TOGETHER WITH THE
NORTHEAST QUARTER OF SECTION 23, T6N, R7W, S.B.M. TOGETHER WITH THE
SOUTHEAST QUARTER OF SECTION 26, T6N, R7W, S.B.M., IN THE UNINCORPORATED
AREA OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: JULY 6, 2015 
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
SAMUEL MARTINEZ, Assistant Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #8: LAFCO 3182 – Reorganization to include City of Loma Linda Annexation and Detachment from San Bernardino County Fire Protection District, its Valley Service Zone, and County Service Area 70

INITIATED BY:

Landowner Petition, Robert W. Bell and California Giant, Inc.

RECOMMENDATION:

The staff recommends that the Commission approve LAFCO 3182 by taking the following actions:

1. With respect to environmental review:
 - a) Certify that the Commission, its staff, and its Environmental Consultant have independently reviewed and considered the City's Initial Study and Mitigated Negative Declaration for the General Plan Amendment (GPA 14-075), Pre-Zone (ZMA 14-076), Tentative Tract Map 14-073 (TTM 18963) and Annexation (ANX 14-074) for approximately 20 acres;
 - b) Determine that the City's environmental assessment and Mitigated Negative Declaration are adequate for the Commission's use as a CEQA Responsible Agency for its consideration of LAFCO 3182;
 - c) Determine that the Commission does not intend to adopt alternatives or additional mitigation measures for the project; that the mitigation measures identified in the City's environmental document are the responsibility of the City and/or others, not the Commission; and,
 - d) Direct the Executive Officer to file the Notice of Determination within five (5) days and find that no further Department of Fish and Wildlife filing fees are

required by the Commission's approval of LAFCO 3182 since the City of Loma Linda, as lead agency, has paid said fees.

2. Approve LAFCO 3182, with the standard LAFCO terms and conditions that include the "hold harmless" clause for potential litigation costs by the applicant and the continuation of fees, charges, and/or assessments currently authorized by the annexing agency; and,
3. Adopt LAFCO Resolution #3201, setting forth the Commission's determinations and conditions of approval concerning this proposal.

BACKGROUND INFORMATION:

LAFCO 3182, a proposal initiated by landowner petition in May 2014, is a reorganization proposal that includes annexation to the City of Loma Linda (hereafter the "City") and detachment from the San Bernardino County Fire Protection District (SBCFPD), its Valley Service Zone, and County Service Area (CSA) 70. The reorganization area includes four parcels, Assessor Parcel Numbers (APNs) 292-161-01, 08, 11, and 12, encompassing approximately 20 acres, generally located within the City of Loma Linda's eastern sphere of influence.

As shown in Figure 1 below, the reorganization area is general bordered by Citrus Avenue on the north; parcel lines on the east; Orange Avenue (existing City of Loma Linda boundary) on the south; and California Street (existing City of Loma Linda boundary) on the west. Location and vicinity maps are also included as Attachment #1 to this report.

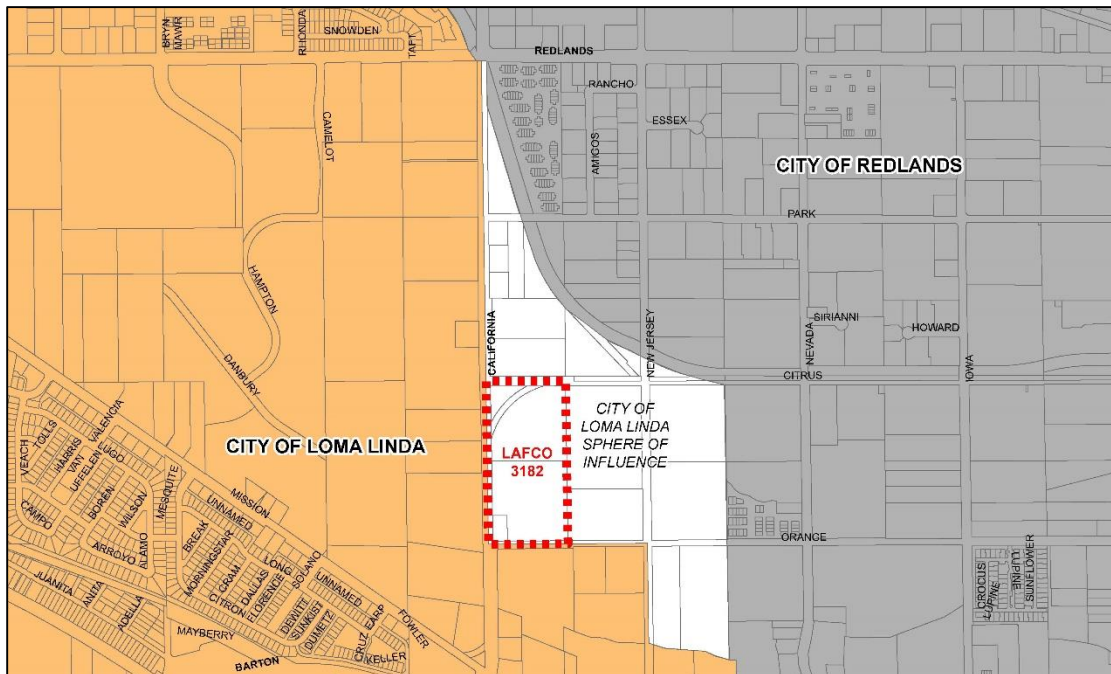


Fig. 1: LAFCO 3182 Vicinity Map

The overall reorganization area is composed of two distinct areas. The northern half of the reorganization area is identified throughout the staff report as the Bell properties (APN 292-161-01 and 11), which are the properties owned by Robert W. Bell and California Giant, Inc, the landowners who initiated the application proposal.

The southern half of the reorganization area is identified throughout the staff report as the Ramirez properties (APNs 292-161-08 and 12). The two parcels associated with the Ramirez properties were subsequently added as part of the reorganization proposal, but are not being developed at this time.

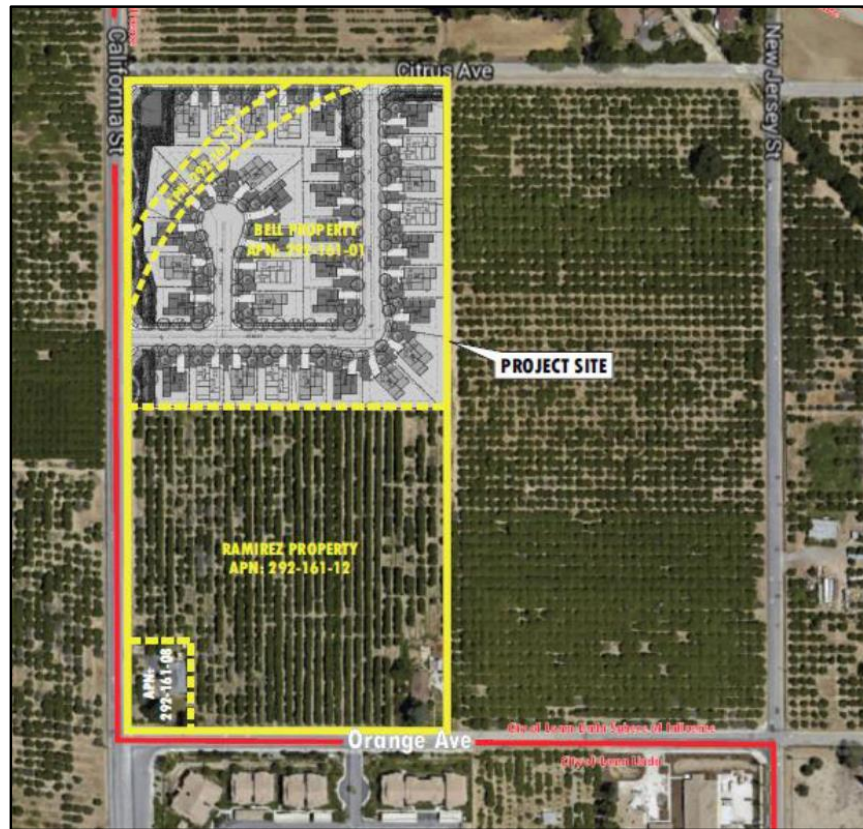


Fig. 2: Aerial of Reorganization Area
with Overlay of the Proposed Development

The parcels associated with the Bell properties are being developed as Tentative Tract 18963, a 35-lot single-family residential subdivision. In order for the development to proceed, it requires receipt of water and sewer service from the City of Loma Linda. The parcels, which are contiguous to the City's boundaries are required to annex to the City prior to receiving such services. This policy is a result of the City's "Measure V", a referendum that was approved by its voters in 2006.

This report will provide the Commission with the information related to the four major areas of consideration required for a jurisdictional change – boundaries, land uses, service issues and the effects on other local governments, and environmental considerations.

BOUNDARIES:

When the developer initially came to LAFCO to go over its application, it originally intended to submit an annexation proposal that only included the parcels that were proposed for development in the Tentative Tract. At that time, LAFCO expressed its concern regarding the creation of an unincorporated peninsula between the proposed development and the existing boundaries of the City southerly of Orange Street.

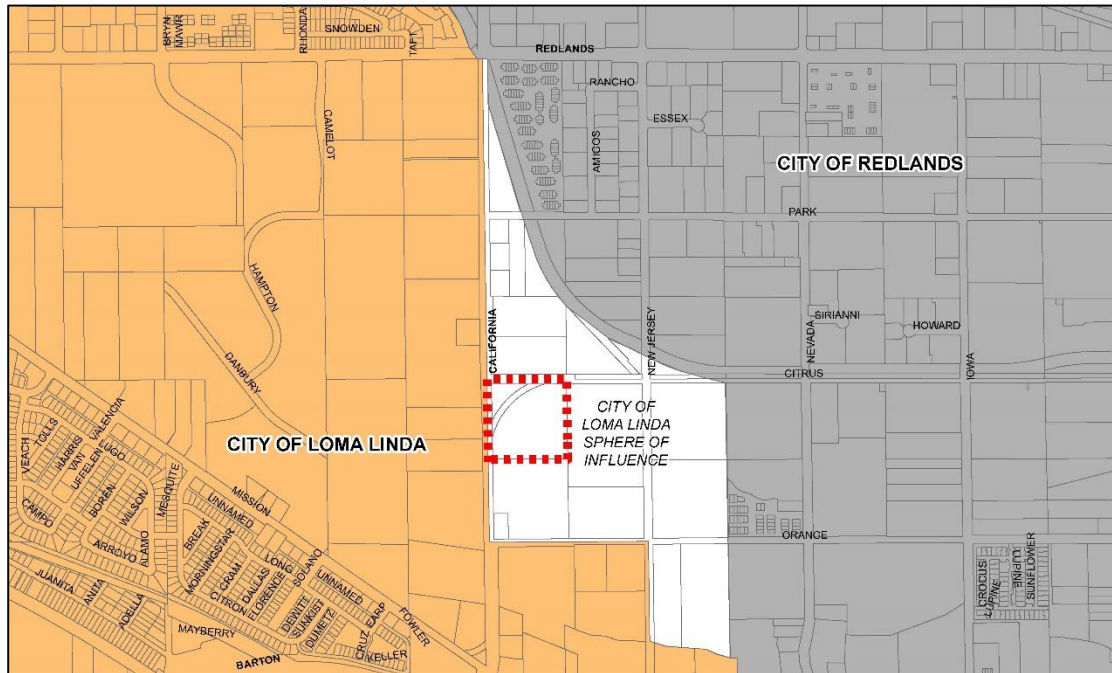


Fig. 3: Old Vicinity Map

Thus, the developer—together with the City—worked with surrounding property owners to address a more logical and efficient boundary configuration for the proposed annexation. In this case, the properties south of the proposed development have been included as part of the overall proposal. The City also approached the property owners located easterly of the annexation area. However, inclusion of said properties would have significantly delayed the processing of the annexation since said property owners were not yet ready to process their project entitlements with the City.

The Commission may question the viability of annexing the entire island of unincorporated territory at this time. This option was also discussed with the City as the area would meet the island annexation provisions of Cortese-Knox-Hertzberg; however, the area includes prime agricultural lands which eliminates the ability to use these streamline annexation procedures. Areas to the east and southerly of Citrus Avenue are continuing to review their options with the City for a future annexation.

Because of their efforts, both the developer and the City have adhered to the Commission's position that it needs to propose a jurisdictional change which supports efficient delivery of

services and, where possible, such areas should be expanded to encompass a larger area feasible for annexation. Therefore, it is LAFCO staff's position that LAFCO 3182, as proposed, is a logical extension of the City since it includes the whole block along California Avenue, between the existing boundaries of the City (along Orange Street) to Citrus Avenue, which is an easily identifiable boundary for service delivery.

LAND USE:

The existing land use for the reorganization area is citrus groves with associated residential structures within the groves. Existing uses directly surrounding the reorganization area include citrus groves to the west, north, and east, and an apartment complex (Barton Vineyards) southerly of the reorganization area.

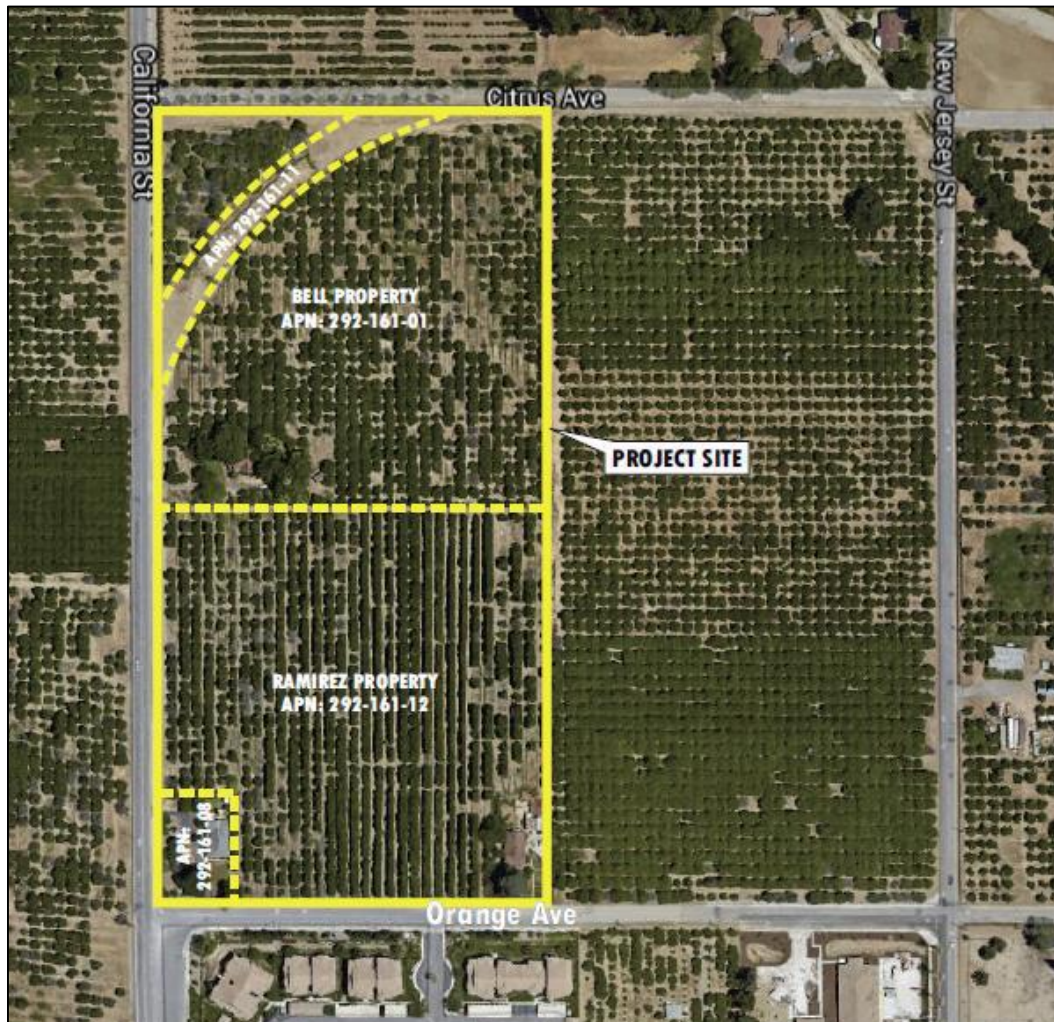


Fig. 4: Aerial of Reorganization Area (Existing)

County Land Use Designations:

The County's current land use designation for the reorganization area is RM (Multiple Residential). The RM land use district provides sites for multiple residential uses, mixed residential uses, and similar and compatible non-residential uses and/or activities.

City's General Plan:

The City's General Plan designates the entire reorganization area, including the surrounding unincorporated City sphere area as Business Park. The City's approval of the Citrus Lane Project included a General Plan Amendment to change the General Plan designation for the Bell properties (APN 292-161-01 and 11) from Business Park to Low Density Residential.

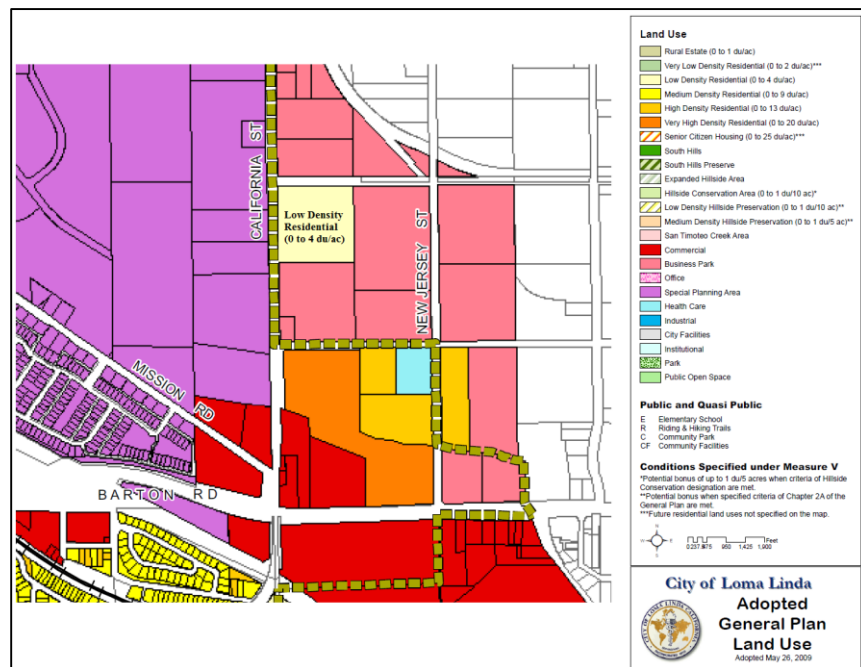


Fig. 5: Proposed General Plan Amendment

Therefore, the current land use designation for the reorganization area are: Low Density Residential for the Bell properties (APNs 292-161-01 and 11) and Business Park for the Ramirez properties (APNs 292-161-08 and 12). Since the County allows for location of its Multiple Residential in areas having close proximity to major commercial and public facilities, the land use determinations between the City and County are generally compatible.

City's Pre-Zone Designations:

The City of Loma Linda also processed pre-zoning as part of its approval of the Citrus Lane Project. The City's pre-zone designations for the reorganization area are: R-1 (Single Residence) for the Bell properties (APNs 292-161-01 and 11) and C-2 (General Business) for the Ramirez properties (APNs 292-161-08 and 12).

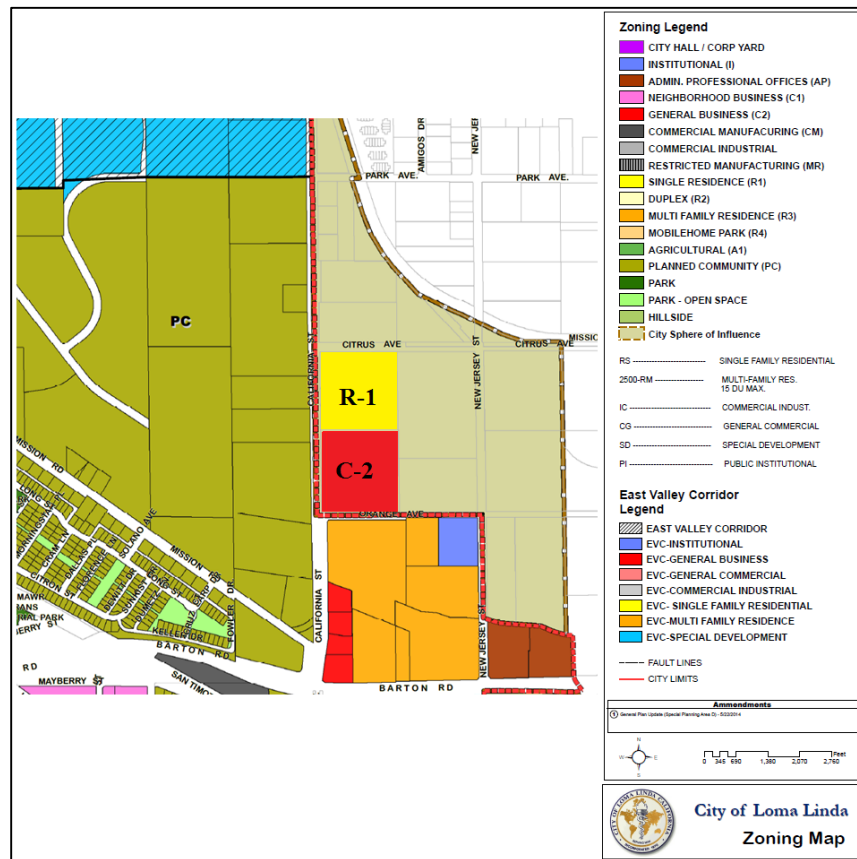


Fig. 6: Proposed Pre-Zoning

These pre-zone designations are consistent with the City's General Plan designations for the area and are also consistent with surrounding land uses. Pursuant to the provisions of Government Code Section 56375(e), these zoning designations shall remain in effect for a period of two (2) years following annexation. The law allows for a change in designation if the City Council makes the finding, at a public hearing, that a substantial change has occurred in circumstance that necessitates a departure from the pre-zoning outlined in the application made to the Commission.

Conversion of Agricultural Land

One of the main tenets of LAFCO Law is the preservation of open-space and prime agricultural lands. According to the California Department of Conservation, Division of Land Resources Protection, Farmland Mapping and Monitoring Program, the reorganization area is designated as Prime Farmland. Therefore, the proposed development within LAFCO

3182, Tentative Tract 18963, is anticipated to convert a total of 9.5 acres of Prime Farmland to non-agricultural use.

When considering a proposal with open-space conversion, Government Code Section 56377 requires that the Commission consider policies and priorities regarding such conversion of existing open-space lands by: 1) steering away from agricultural conversion unless the proposal “would not promote the planned, orderly, efficient development of an area”, and 2) encourage the development of existing vacant or non-prime agricultural lands for urban uses within the existing jurisdiction or within the sphere of influence of the local agency before any proposal is approved that would allow for the development of existing open-space lands for non-open-space uses outside the existing jurisdiction or outside the existing sphere of influence of the local agency.

First, LAFCO 3182 does promote the planned, orderly efficient development of the area since the proposal area is adjacent to existing residential development within the City of Loma Linda and is adjacent to areas that are designated for specific plan development within the City and Business Park development within its unincorporated sphere of influence. Secondly, although the development will convert prime farmland to a non-open-space use, the area is already within the sphere of influence for the City or Loma Linda, and has been within its sphere of influence for many years and mitigation measures are included in the City’s approval of the Tentative Tract as outlined below. Therefore, the conversion of prime farmland for the proposed development within LAFCO 3182 can be justified based on the LAFCO policies and priorities related to farmland conversion.

In addition, in order to reduce the environmental impacts of the conversion of prime farmland to a less-than-significant level, a mitigation measure has been imposed on the project that requires the developer “to replace, protect or provide a conservation easement for the loss prime farmland. A total of 9.5 acres of prime agricultural land or conservation easement shall be acquired and made available to an existing farmland trust or comparable organization within one year of occupancy of the project site, or a farmland trust or comparable organization shall verify that it has received sufficient funds to acquire prime agricultural land or a conservation easement over such lands.”

SERVICE ISSUES AND EFFECTS ON OTHER LOCAL GOVERNMENTS:

In every consideration for jurisdictional change, the Commission is required to look at the existing and proposed service providers within an area. Current County service providers within the reorganization area include the San Bernardino County Fire Protection District and its Valley Service Zone (fire protection/paramedics) and County Service Area 70 (multi-function entity). In addition, the following entities overlay the reorganization area: Inland Empire Resource Conservation District, the San Bernardino Valley Water Conservation District, and the San Bernardino Valley Municipal Water District (the State Water Contractor).

The application includes a plan for the extension of services for the reorganization area as required by law and Commission policy (included as part of Attachment #3 to this report). The Plan for Service, which was prepared by Stanley R. Hoffman and Associates and was

certified by the City, includes a Fiscal Impact Analysis indicating that the project will have a positive financial effect for the City. In general, the Plan identifies the following:

- Sewage collection services will become available through the City upon completion of the reorganization. Existing sewer lines are located in California Street (10-inch main) and Citrus Avenue (8-inch main). The development of the Tentative Tract will connect to the existing sewer main in California Street. However, there will be no effect on existing septic system users, particularly those on the Ramirez properties unless future development on the property exceeds a density over one unit per ½ acre.
- Water service is already provided to the reorganization area by the City. Existing water mains are located along California Street and Citrus Avenue. No change in this service will take place upon completion of the reorganization. However, the development of the Tentative Tract will connect to the existing water main in California Street.
- Law enforcement responsibilities, which are currently provided by the San Bernardino County Sheriff's Department, will transition to the City's contract for service following the completion of the reorganization. The dispatch and supervisory control are from the Sheriff's Central Station located at 655 East Third Street in the City of San Bernardino.
- Solid waste services are currently provided by Republic Services of Southern California within the reorganization area, which will continue to serve these areas upon completion of the reorganization.
- Fire protection and paramedic services are currently the responsibility of San Bernardino County Fire Protection District and its Valley Service Zone. However, the County has contracted with the City of Loma Linda for the provision of these services at no charge through a joint response/automatic aid agreement. One of the City's fire station, which is located at Barton Road and Loma Linda Drive, is the closest Fire Station and is approximately 1.8 miles from the reorganization area.

As required by Commission policy and State law, the Plan for Service shows that the extension of its services will maintain, and/or exceed, current service levels provided through the County.

ENVIRONMENTAL:

The City of Loma Linda prepared an environmental assessment and Mitigated Negative Declarations for the Citrus Lane Project, for the following actions:

- General Plan Amendment (GPA 14-075) to change the existing City of Loma Linda General Plan designation from Business Park to Low Density Residential for the Bell properties (APNs 292-161-01 and 11);

- Pre-Zone (ZMA 14-076) to establish R-1 (Single Residence) Zone for the Bell properties (APNs 292-161-01 and 11) and C-2 (General Business) Zone for the Ramirez properties (APNs 292-161-08 and 12);
- Tentative Tract Map 14-073 (TTM 18963) to subdivide the Bell properties (APNs 292-161-01 and 11) into 35 single-family residences and four (4) common lettered lots; and,
- Annexation (ANX 14-074) to annex the reorganization area totaling approximately 20 acres into the City in order to receive city services (e.g., water, sewer).

The City's environmental assessment has been reviewed by the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, who determined that, if the Commission chooses to approve LAFCO 3182, the City's documents are adequate for Commission's use as a responsible agency under CEQA. The following are the necessary environmental actions to be taken by the Commission as a responsible agency under CEQA:

- a) Certify that the Initial Study and Mitigated Negative Declaration prepared by the City for the General Plan Amendment (GPA 14-075), Pre-Zone (ZMA 14-076), Tentative Tract Map 14-073 (TTM 18963), and Annexation (ANX 14-074) have been independently reviewed and considered by the Commission, its staff and its Environmental Consultant;
- b) Determine that the City's environmental assessment and Mitigated Negative Declaration are adequate for the Commission's use as a CEQA Responsible Agency for its consideration of LAFCO 3182;
- c) Determine that the Commission does not intend to adopt alternatives or additional mitigation measures for the project; that the mitigation measures identified in the City's environmental documents are the responsibility of the City and/or others, not the Commission; and,
- d) Direct the Executive Officer to file the Notice of Determination within five (5) days and find that no further Department of Fish and Wildlife filing fees are required by the Commission's approval since the City, as lead agency, has paid said fees.

CONCLUSION:

The proposal was submitted in response to a development project within the reorganization area that requires urban type services, particularly water and sewer service, which is only available from the City of Loma Linda. The reorganization area has been expanded to support a jurisdictional change that provides for an efficient and effective boundary for service delivery. Finally, the City's "Measure V" clearly states that all projects that are contiguous to the City's boundaries must annex prior to receiving service and the application responds to this requirement. For these reasons, and those outlined throughout the staff report, the staff supports the approval of LAFCO 3182.

DETERMINATIONS:

The following determinations are required to be provided by Commission policy and Government Code Section 56668 for any change of organization/reorganization proposal:

1. The County Registrar of Voters Office has determined that the reorganization area is legally uninhabited, containing five (5) registered voters as of June 8, 2015.
2. The County Assessor has determined that the total assessed value of land and improvements within the reorganization area on the secured assessment roll is \$733,315 (land - \$393,513 -- improvements - \$339,802).
3. The reorganization area is within the sphere of influence assigned the City of Loma Linda.
4. Commission review of this proposal has been advertised in *The Sun*, a newspaper of general circulation within the reorganization area. Individual notice has been provided to affected and interested agencies, County departments, and those individuals and agencies having requested such notification.
5. LAFCO staff has provided an individual notice to the landowners and registered voters within the reorganization area (totaling 9 notices) and to landowners and registered voters surrounding the reorganization area (totaling 296 notices) in accordance with State law and adopted Commission policies. Comments from registered voters and landowners and any affected local agency in support or opposition will be reviewed and considered by the Commission in making its determination.
6. The City of Loma Linda has pre-zoned the reorganization area for the following land uses: R-1 (Single Residence) for the Bell properties (APNs 292-161-01 and 11) and C-2 (General Business) for the Ramirez properties (APNs 292-161-08 and 12). These zoning designations are consistent with the City's General Plan. Pursuant to the provisions of Government Code Section 56375(e), these zoning designations shall remain in effect for two years following annexation unless specific actions are taken by the City Council.
7. The Southern California Associated Governments (SCAG) adopted its 2012-2035 Regional Transportation Plan and Sustainable Communities Strategy pursuant to Government Code Section 65080. LAFCO 3182 has no direct impact on SCAG's Regional Transportation Plan.
8. As a function of its review for the General Plan Amendment (GPA 14-075), Pre-Zone (ZMA 14-076), Tentative Tract Map 14-073 (TTM 18963), and Annexation (ANX 14-074) on approximately 20 acres, the City of Loma Linda acted as the lead agency for the environmental assessment for the reorganization proposal

The Commission's Environmental Consultant, Tom Dodson and Associates, has reviewed the City's Initial Study and Mitigated Negative Declarations and has

indicated that it is his recommendation that the City's environmental assessment and Mitigated Negative Declaration are adequate for the Commission's review of LAFCO 3182 as a responsible agency under CEQA. The necessary actions to be taken by the Commission, as a responsible agency, are outlined in the Environmental Considerations portion of this report. Mr. Dodson's response and the City's environmental assessments for the Citrus Lane Project are included as Attachment #3 to this report.

9. The reorganization area are presently served by the following local agencies:

County of San Bernardino
San Bernardino County Fire Protection District (SBCFPD) and its
SBCFPD Valley Service Zone
San Bernardino Valley Municipal Water District
Inland Empire Resource Conservation District
San Bernardino Valley Water Conservation District
County Service Area 70 (multi-function unincorporated area
Countywide)

The San Bernardino County Fire Protection District, its Valley Service Zone, and County Service Area 70 will be detached as a function of the reorganization. None of the other agencies are affected by this proposal as they are regional in nature.

10. A plan was prepared for the extension of services to the reorganization area, as required by law. The Plan for Service, which was prepared by Stanley R. Hoffman and Associates and was certified by the City, indicates that the City can maintain and/or improve the level and range of services currently available in the area. A copy of this plan is included as a part of Attachment #2 to this report.
11. The reorganization area can benefit from the availability and extension of municipal services from the City of Loma Linda and has benefitted from the delivery of water service from the City as well as fire protection and emergency medical response service (through its contract with the San Bernardino County Fire Protection District to provide the service).
12. This proposal will assist in the City's ability to achieve its fair share of the regional housing needs since a portion of the reorganization area is being proposed for development of a 35 single-family residential subdivision.
13. With respect to environmental justice, the following profile was generated using ESRI's Community Analyst with regard to race and income within the City of Loma Linda and within and around the reorganization area (2015 population data):

The City of Loma Linda has a citywide population that is 22.2 percent Hispanic. Based on information taken for the reorganization area and its adjacent unincorporated sphere of influence area, said area has a population that is 25.6 percent Hispanic, which is slightly larger than the City's overall data. With regard to income, the City of Loma Linda has a citywide median household income of \$51,037. Again, based on information taken for the reorganization area and its

adjacent unincorporated sphere of influence area, said area reflects a median household income of \$50,000 for 2015.

Therefore, LAFCO staff believes that the reorganization area would benefit from the extension of services and facilities from the City and, at the same time, would not result in unfair treatment of any person based on race, culture or income.

14. The County of San Bernardino and the City of Loma Linda have successfully negotiated a transfer of property tax revenues that will be implemented upon completion of this reorganization. This fulfills the requirements of Section 99 of the Revenue and Taxation Code.
15. The map and legal description, as revised, are in substantial compliance with LAFCO and State standards through certification by the County Surveyor's Office.

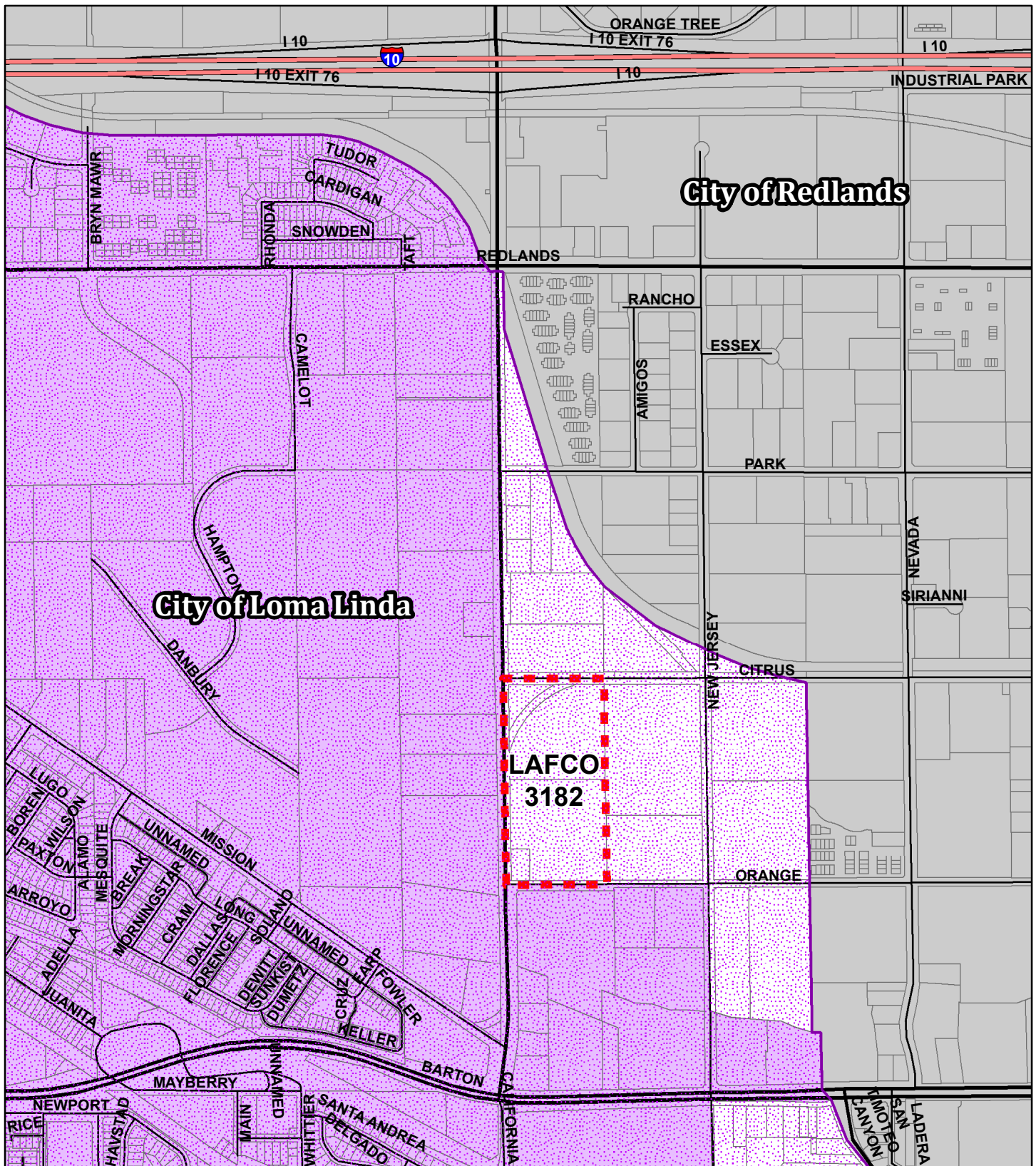
KRM/sm

Attachments:

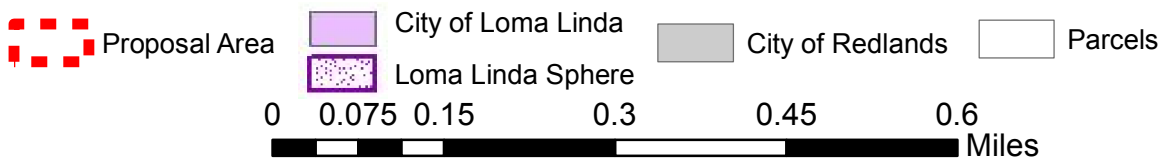
1. Vicinity Maps and Reorganization Area Maps
2. Application and Plan for Service Including Fiscal Impact Analysis
3. Response from Tom Dodson and Associates including the City of Loma Linda's City's Recirculated Initial Study and Mitigated Negative Declaration for the Citrus Lane Project
4. Draft Resolution No. 3201

Vicinity Maps and Reorganization Area Maps

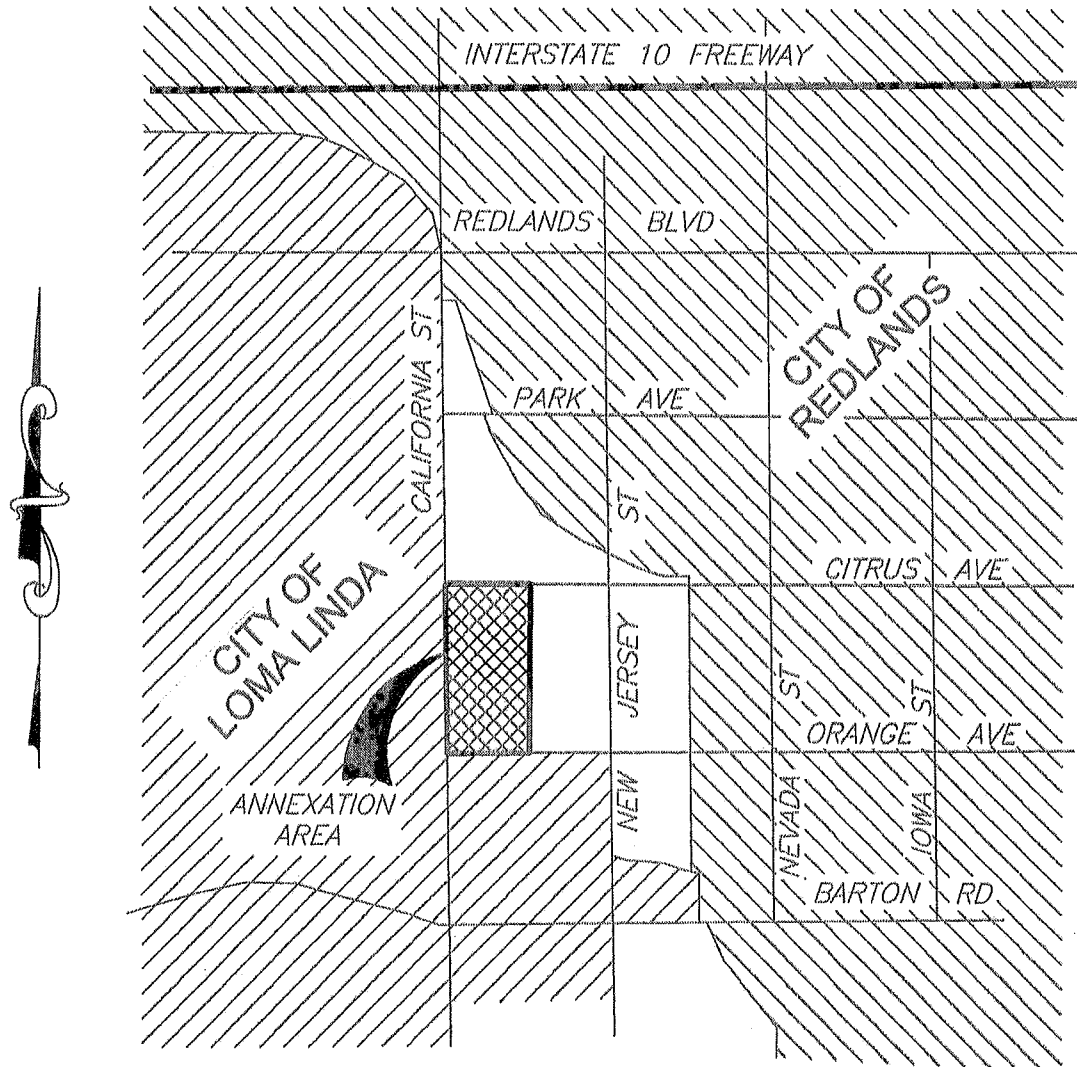
Attachment 1



LAFCO 3182 - Reorganization to include the City of Loma Linda Annexation and Detachment from SBCFPD and its Valley Zone, and CSA 70



VICINITY MAP



LAFCO 3182

CITY OF LOMA LINDA ANNEXATION NO. _____

GENERAL DESCRIPTION: LOCATED EAST OF CALIFORNIA STREET,
BETWEEN CITRUS AVENUE AND ORANGE AVENUE.



Prepared by ON POINT LAND SURVEYING, INC.:
370 Alabama St, Ste A, Redlands, CA 92373 (909) 792-2221

ANTHONY D. SMITH, PLS 8133
LICENSE EXPIRES: 12-31-16

3/4/15
DATE

SCALE: N.T.S.

FILE NO.: 019-035

DATE: March 2015

SHEET 1 OF 2

POINT OF
BEGINNING

CITRUS AVENUE

① $S89^{\circ}38'50"E$ 657.15'

NORTH LINE
BLOCK 2

APN: 0292-161-01

PORTION SW 1/4 SEC. 29
T.1S., R.3W., S.B.M.

ACRES

BLOCK 2
RANCH
6/19

20.2
WEST 1/2 OF
BARTON
MB

APN: 0292-161-12

EAST LINE OF
WEST 1/2 BLOCK 2

SOUTH LINE
BLOCK 2

APN: 0292-161-08

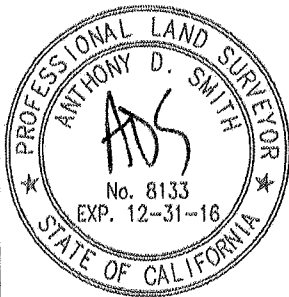
ORANGE AVENUE

③ $N89^{\circ}49'46"W$ 657.60'

② $S00^{\circ}22'22"E$ 1338.52'

LEGEND

LOMA LINDA CITY
BOUNDARY



Prepared by ON POINT LAND SURVEYING, INC.:
370 Alabama St, Ste A, Redlands, CA 92373 (909) 792-2221

ANTHONY D. SMITH, PLS 8133
LICENSE EXPIRES: 12-31-16

DATE

SCALE: 1"=200'

FILE NO.: 019-035

DATE: March 2015

SHEET 2 OF 2



PROJECT VICINITY and PROPOSED SITE PLAN

CITRUS LANE PROJECT
City of Loma Linda Sphere of Influence, California

FIGURE 3B

Application and Plan for Service Including Fiscal Impact Analysis

Attachment 2

RECEIVED
JUN 09 2014

(FOR LAFCO USE ONLY)

LAFCO
San Bernardino County

**SAN BERNARDINO LAFCO
APPLICATION AND PRELIMINARY
ENVIRONMENTAL DESCRIPTION FORM**

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the proposed project site to allow the San Bernardino LAFCO, its staff and others to adequately assess the project. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. NAME OF PROPOSAL: Citrus Lane Project, APN 0292-161-01, 08, 11 and 12.
2. NAME OF APPLICANT: Stratus Development Partners
MAILING ADDRESS: C/o Thatcher Engineering and Associates Attn: Vicky Valenzuela, Project Manager
1461 Ford Street, Suite 105, Redlands, CA 92373
PHONE: (909) 748-7777 x.30
FAX: (909) 748-7776
E-MAIL ADDRESS: vickyv@thatcherengineering.com
3. GENERAL LOCATION OF PROPOSAL: The proposed annexation area is located on the east side of California Street, between Citrus and Orange Avenues.
4. Does the application possess 100% written consent of each landowner in the subject territory?
YES ___ NO x If YES, provide written authorization for change.
5. Indicate the reasons that the proposed action has been requested. The purpose of this Annexation request is to obtain water and sewer service from the City of Loma Linda for APN 0292-161-01 and 11 for the development of Tentative Tract 18963.
6. Would the proposal create a totally or substantially surrounded island of unincorporated territory?
YES ___ NO x If YES, please provide a written justification for the proposed boundary configuration.
N/A

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area (defined in acres):
20.2 Acres
2. Current dwelling units in area classified by type (Single Family detached, multi-family (duplex, four-plex, 10-unit), apartments)
Three single family residences
3. Approximate current population in area:
7 people
4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):
The current General Plan Designation for the subject property is "Business Park". A General Plan Amendment Application has been filed with the City of Loma Linda to amend the existing designation to 'Low Density Residential' (0-4 dwelling units per acre)

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):
The current San Bernardino County General Plan Designation is 'RM' (Multiple Residential). Uses permitted by this designation include multiple family dwellings and single-family residential structures with a planned development permit.
5. Describe any special land use concerns expressed in the above plans. In addition, for a City Annexation or Reorganization, provide a discussion of the land use plan's consistency with the regional transportation plan as adopted pursuant to Government Code Section 65080 for the subject territory:
We are not aware of any special land use concerns associated with the annexation proposal. It is not anticipated that the proposed annexation will have a negative impact on the Regional Transportation Plan for the area.
6. Indicate the existing land use.
The subject property is currently occupied by an existing single family residential structure, garage, shed, and related improvements.

What is the proposed land use?
A Tentative Tract Map Application has been filed to develop APN 0292-161-01 and 11 with a 35 lot single-family residential subdivision.
7. For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following:
 - a. Has pre-zoning been completed? YES ☐ NO ☒
 - b. If the response to "a" is NO, is the area in the process of pre-zoning? YES ☒ NO ☐

Identify below the pre-zoning classification, title, and densities permitted. If the pre-zoning process is underway, identify the timing for completion of the process.

The proposed pre-zoning classification is R-1 (Single-Family Residence) zone, which requires minimum 7,200 SF lots. The anticipated timing to complete the Pre-Zoning process with the City of Loma Linda is approximately 4-6 months.

8. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)? YES ___ NO x If YES, please explain.

N/A

9. On the following list, indicate if any portion of the territory contains the following by placing a checkmark next to the item:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Agricultural Land Uses | <input type="checkbox"/> Agricultural Preserve Designation |
| <input type="checkbox"/> Williamson Act Contract | <input type="checkbox"/> Area where Special Permits are Required |
| <input type="checkbox"/> Any other unusual features of the area or permits required: _____ | |

10. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract.

11. Provide a narrative response to the following factor of consideration as identified in §56668(o):
The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services:

The project complies with the basic principles of environmental justice, as it does not expose minority or disadvantaged populations within the proposed annexation area to proportionately greater risks or impacts compared with those borne by other individuals. All property owners within the proposed annexation area are supportive of the request.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. The proposed annexation area is relatively flat and currently slopes from southeast to northwest and drains as sheet flow from southeast to northwest at an approximate grade of 0.38%

2. Describe any existing improvements on the site as % of total area.

Residential	<u>Appx. 1</u> %	Agricultural	<u>Appx. 99</u> %
Commercial	<u> </u> %	Vacant	<u> </u> %
Industrial	<u> </u> %	Other	<u> </u> %

3. Describe the surrounding land uses:

NORTH	<u>Citrus Grove</u>
EAST	<u>Citrus Grove</u>
SOUTH	<u>Multi-Family Residential Units</u>
WEST	<u>Citrus Grove</u>

4. Describe site alterations that will be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.).

Proposed grading and drainage improvements, along with extension
of water and sewer facilities are proposed as part of the
development of Tentative Tract Map No.18963 on APN 0292-161-01 and 11.

5. Will service extensions accomplished by this proposal induce growth on this site? YES
NO Adjacent sites? YES NO Unincorporated Incorporated

Unknown

6. Are there any existing out-of-agency service contracts/agreements within the area? YES
NO If YES, please identify.

Unknown

7. Is this project a part of a larger project or series of projects? YES NO x If YES, please explain.

N/A

NOTICES

Please provide the names and addresses of persons who are to be furnished mailed notice of the hearing(s) and receive copies of the agenda and staff report.

Vicky Valenzuela
NAME C/o Thatcher Engineering and Associates TELEPHONE NO. (909) 748-7777 x.30

ADDRESS:
1461 Ford Street, Suite 105, Redlands, CA 92373

David Wood
NAME C/o Stratus Development Partners TELEPHONE NO. (949) 294-6990

ADDRESS:
17 Corporate Plaza Drive, Suite 200, Newport Beach, CA 92660

NAME Laura Anne Ramirez TELEPHONE NO. _____

ADDRESS:
P.O. Box 1525 Loma Linda, CA 92354

CERTIFICATION

As a part of this application, the city of Loma Linda, or the _____ district, Stratus Development (the applicant) and/or the SEE ATTACHED (real party in interest: subject landowner and/or registered voter) agree to defend, indemnify, hold harmless, and release the San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I/We understand that if this application is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

As the proponent, I/We acknowledge that annexation to the city of Loma Linda or the _____ district may result in the imposition of taxes, fees, and assessments existing within the (city or district) on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIIIC and XIID of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 5.8.11 [Signature]
SIGNATURE OF APPLICANT
Stratus Development Partners, LLC
PRINTED NAME OF APPLICANT
MANAGER
TITLE

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ☒ ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- ☐ SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- ☐ CITY INCORPORATION SUPPLEMENT
- ☐ FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- ☐ ACTIVATION OR DIVESTITURE OF FUNCTIONS AND/OR SERVICES FOR SPECIAL DISTRICTS SUPPLEMENT

KRM-Rev. 8/15/2012

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(FOR LAFCO USE ONLY)

LAFCO
San Bernardino County
SUPPLEMENT
ANNEXATION, DETACHMENT, REORGANIZATION PROPOSALS

INTRODUCTION: The questions on this form are designed to obtain data about the specific annexation, detachment and/or reorganization proposal to allow the San Bernardino LAFCO, its staff and others to adequately assess the project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. Please identify the agencies involved in the proposal by proposed action:

ANNEXED TO

City of Loma Linda

DETACHED FROM

County of San Bernardino

2. Will the territory proposed for change be subject to any new or additional special taxes, any new assessment districts, or fees?

No, the territory proposed for change is not anticipated to be
subject to new taxes, assessment districts, or fees by the
City of Loma Linda.

3. Will the territory be relieved of any existing special taxes, assessments, district charges or fees required by the agencies to be detached?

Unknown

4. Provide a description of how the proposed change will assist the annexing agency in achieving its fair share of regional housing needs as determined by SCAG.

Unknown

5. PLAN FOR SERVICES:

For each item identified for a change in service provider, a narrative "Plan for Service" (required by Government Code Section 56653) must be submitted. This plan shall, at a minimum, respond to each of the following questions and be signed and certified by an official of the annexing agency or agencies.

1. A description of the level and range of each service to be provided to the affected territory.
2. An indication of when the service can be feasibly extended to the affected territory.
3. An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.
4. The Plan shall include a Fiscal Impact Analysis which shows the estimated cost of extending the service and a description of how the service or required improvements will be financed. The Fiscal Impact Analysis shall provide, at a minimum, a five (5)-year projection of revenues and expenditures. A narrative discussion of the sufficiency of revenues for anticipated service extensions and operations is required.
5. An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.
6. If retail water service is to be provided through this change, provide a description of the timely availability of water for projected needs within the area based upon factors identified in Government Code Section 65352.5 (as required by Government Code Section 56668(k)).

CERTIFICATION

As a part of this application, the city of Loma Linda, or the _____ district, Stratus Development Partners (the applicant) and/or the See attached (real party in interest: subject landowner and/or registered voter) agree to defend, indemnify, hold harmless, and release the San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I/We understand that if this application is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

As the proponent, I/We acknowledge that annexation to the city of Loma Linda or the _____ district may result in the imposition of taxes, fees, and assessments existing within the (city or district) on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIIC and XIID of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

(FOR LAFCO USE ONLY)

I hereby certify that the statements furnished above and the documents attached to this form present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 5.8.14

TBD S. 10/14

SIGNATURE OF APPLICANT

Stratus Development Partners

/REVISED: krm - 8/15/2012

Citrus Lane Project Plan for Service and Fiscal Impact Analysis City of Loma Linda

Prepared for:

City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354
Attn: Guillermo Arreola, Associate Planner
909.799.2839

November 19, 2014

SRHA Job #1277

CERTIFICATION

The City of Loma Linda hereby certifies that this document presents the data and information required for the Plan for Service and Fiscal Impact Analysis for the *Citrus Lane Project* to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 12/18/14

T. J. Thompson

SIGNATURE OF APPLICANT

City Manager

TITLE OF APPLICANT

City of Loma Linda, California

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EXECUTIVE SUMMARY

This report provides an assessment of public service delivery capabilities of the City of Loma Linda and other agencies or special districts affected by the proposed annexation of the Citrus Lane Project into the City of Loma Linda. The project site is composed of two separate properties: the Bell property and the Ramirez property. Both properties are located within the City's sphere of influence in unincorporated San Bernardino County.

This report is being submitted to the County of San Bernardino Local Agency Formation Commission (LAFCO) as a "Plan for Service" required by California Government Code Section 56653. After annexation, the City of Loma Linda would provide services including general government, police protection, community development, fire and paramedic services, local parks and recreation, community services and public works services to the annexed area. The County of San Bernardino will continue to provide Countywide services such as regional parks and recreation, regional flood control and drainage, law and justice, health and welfare.

Based on an analysis of current service delivery capabilities, the City is equipped to handle additional demand from the proposed annexation of the Citrus Lane Project. This report explains the transfer of service requirements upon annexation, estimates development impact fees and projects recurring fiscal impacts to the City.

As shown in Table 1, a recurring annual surplus of \$20,943 is projected after buildout of the Citrus Lane Project. Chapter 5 presents the detailed fiscal analysis.

Table 1
Summary of Projected Fiscal Impacts after Buildout
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

City General Fund	Buildout
Annual Recurring Revenues	\$61,684
Annual Recurring Costs	<u>40,741</u>
Net Annual Recurring Surplus	\$20,943

Sources: Stanley R. Hoffman Associates, Inc.

CHAPTER 1 INTRODUCTION

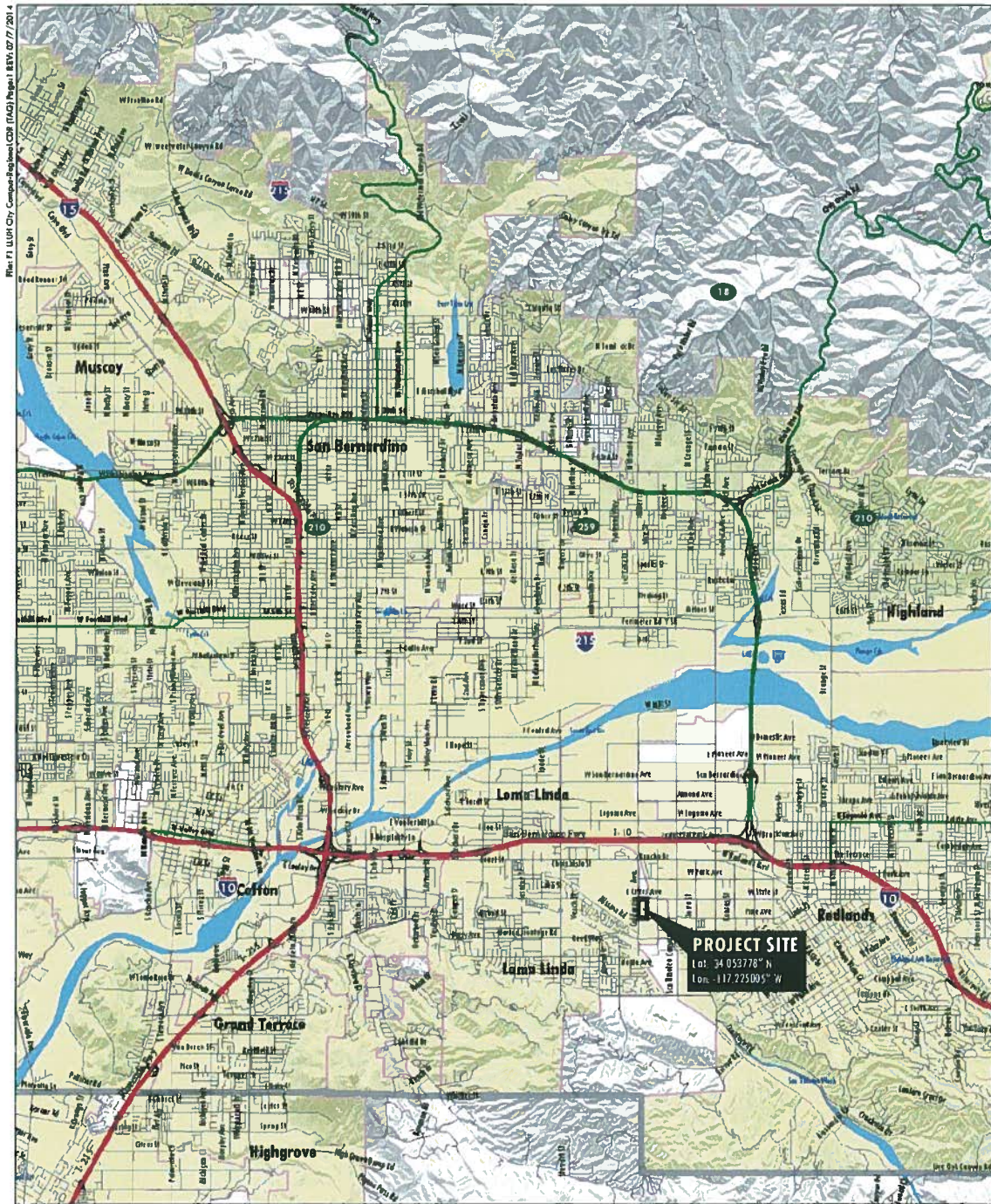
This report presents the plan for service and fiscal analysis of the Citrus Lane Project proposed annexation to the City of Loma Linda. The project site is located in the County of San Bernardino unincorporated area adjacent to the boundary of the City of Loma Linda and within the City's sphere of influence. As shown in Figure 1-1, the project site is along the eastern side of California Street between Citrus Lane and Orange Avenue, and regionally accessible via Interstate 10.

1.1 Purpose of the Study

The Local Agency Formation Commission (LAFCO) for San Bernardino County requires a Plan for Service and Fiscal Impact Analysis be prepared and certified when a jurisdiction is affected by a proposed change of organization or reorganization (e.g., annexation, formation). The unincorporated project intends to annex into the City of Loma Linda, which requires the City to show that the necessary infrastructure improvements and services can be provided to the proposed development. Per the LAFCO August 2012 *Policy and Procedure Manual*, the Plan for Service must include the following components:

- a. *A description of the level and range of each service to be provided to the affected territory.*
- b. *An indication of when those services can feasibly be extended to the affected territory.*
- c. *An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.*
- d. *The Plan shall include a Fiscal Impact Analysis which shows the estimated cost of extending the service and a description of how the service or required improvements will be financed. The Fiscal Impact Analysis shall provide, at a minimum, a five (5)-year projection of revenues and expenditures. A narrative discussion of the sufficiency of revenues for anticipated service extensions and operations is required.*
- e. *An indication of whether the affected territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.*
- f. *If retail water service is to be provided through this change of organization, provide a description of the timely availability of water for projected needs within the area based upon the factors identified in Government Code Ch3 65352.5.*

**Figure 1-1
Citrus Lane Project Regional Location**



REGIONAL LOCATION

CITRUS LANE PROJECT
City of Loma Linda Sphere of Influence, California

1.2 Organization of the Report

Chapter 2 contains the description of the Citrus Lane Project annexation area. The analysis of existing public service delivery in the annexation area and upon annexation into the City is presented in Chapter 3. Chapter 4 discusses the development impact fees and charges for infrastructure associated with the proposed project. The fiscal impact analysis of the annual operations and maintenance costs for the provision of services to the Citrus Lane Project is provided in Chapter 5. Chapter 6 covers the revenue and cost assumptions used for the fiscal analysis.

Appendix A includes the detailed development impact fee calculations as provided by the City's Community Development staff. Supporting tables for the fiscal assumptions appear in Appendix B, and Appendix C lists the project contacts and references used in the preparation of this study.

CHAPTER 2 PROJECT DESCRIPTION

This chapter presents the detailed land uses for the Citrus Lane Project. The project site is composed of two separate properties: the 9.5-acre Bell Property (assessor parcel numbers 292-161-01 and 292-161-11) located southeast of California Street and Citrus Lane, and the 9.25-acre Ramirez Property (assessor parcel numbers 292-161-08 and 292-161-12) located south of the Bell Property and northeast of California Street and Orange Avenue, as shown in Figure 2-1.

2.1 Residential Development

As shown in Panel A of Table 2-1, there are 2 existing homes on the Ramirez Property and 35 new residential units are planned for the Bell Property. There is one existing residential unit on the Bell Property. However, the unit is not currently occupied and it will be relocated or demolished upon approval of the 35-unit subdivision. The existing 2 Ramirez Property units are assumed for Year 1 of the development period and the 35 new units on the Bell Property are assumed for Year 2 of the development. However, the development description presents the first 5 years of development, per the LAFCO requirements for the fiscal analysis.

As shown in Panel B of Table 2-1, total population for the Citrus Lane Project is projected at 96. This estimate is based on the January 1, 2014 Citywide average estimate of 2.60 persons per unit from the State Department of Finance. Population is estimated at 5 for Year 1 and the remaining population of 91 is estimated for the planned units in Year 2.

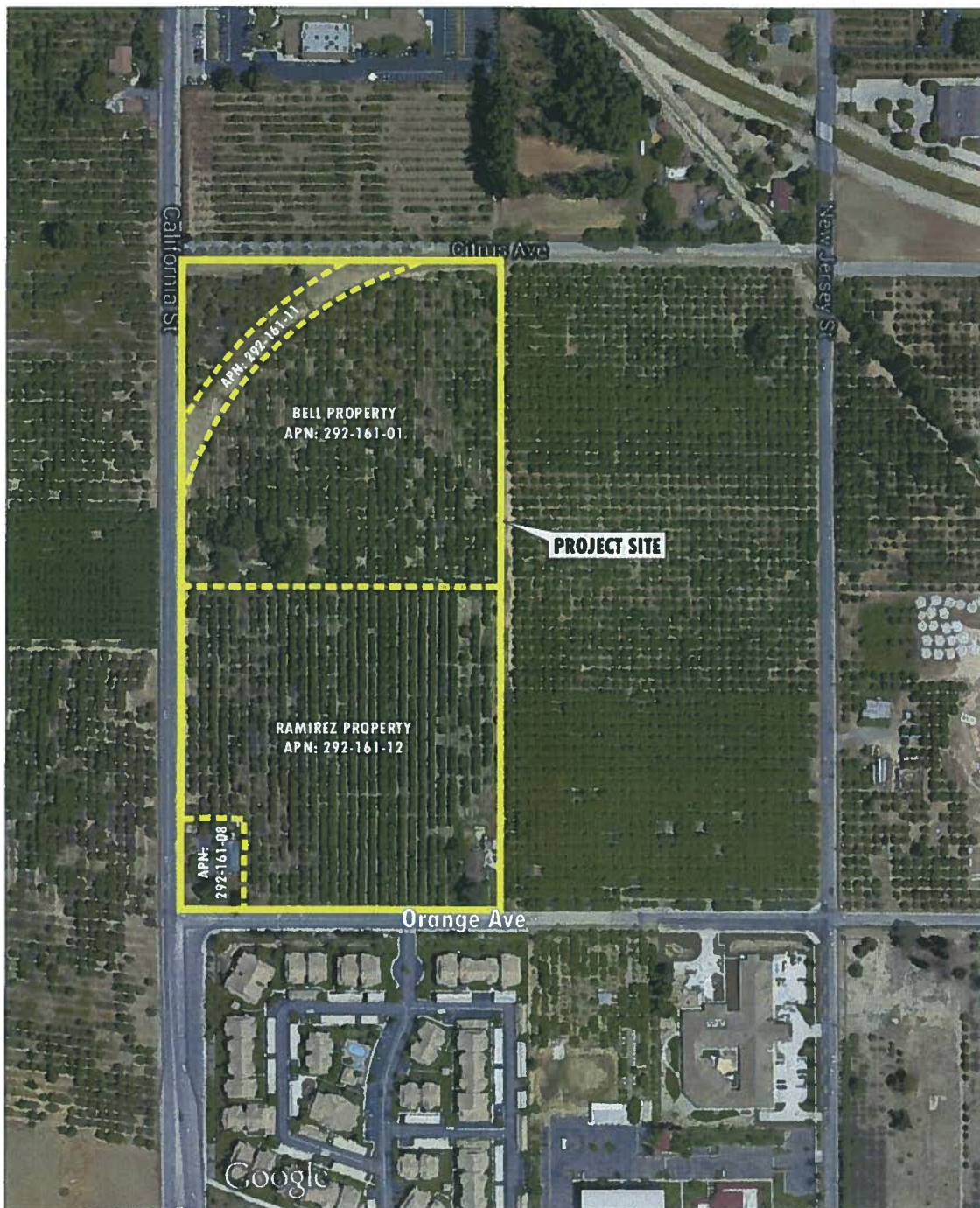
For purposes of projected Senior Center costs for the Citrus Lane Project, seniors (age 55 and over) are estimated at about 26 percent of total population based on the U.S. Census Bureau *American Community Survey* report presented in Appendix Table B-1. Senior population for the Citrus Lane Project is projected at 25 at buildout, with 1 senior projected for Year 1 and the remaining 24 seniors are estimated for Year 2.

2.2 Infrastructure

The proposed infrastructure for the Citrus Lane Project is presented in Table 2-2. Only the proposed 0.47 lineal miles of new roads and associated off-site drainage systems will be maintained through the City General Fund.

Based on discussion with City Public Works' staff, new on-site interior lot landscaping and on-site drainage will be maintained through a homeowners association.

**Figure 2-1
Citrus Lane Project Vicinity**



PROJECT VICINITY

CITRUS LANE PROJECT
City of Loma Linda Sphere of Influence, California

Table 2-1
Residential Description
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Bulldout
A. Residential Units						
<u>Ramirez Property Existing Units</u>	2	0	0	0	0	2
<u>Bell Property New Residential Units</u>						
Plan 1	0	7	0	0	0	7
Plan 2	0	15	0	0	0	15
Plan 3	0	13	0	0	0	22
Annual New Units	0	35	0	0	0	35
Total Annual Units	2	35	0	0	0	37
Total Cumulative Units	2	37	37	37	37	
B. Population ²						
Total Annual Population (@ 2.60 persons per unit)	5	91	0	0	0	96
Total Cumulative Population	5	96	96	96	96	
Cumulative Senior Population (@ 26% of total)	1	25	25	25	25	

Note: 1. Residential product information and phasing are provided by Stratus Development Partners, LLC.

2. Total population is projected at the Citywide average of 2.60 persons per unit. For purposes of projecting Senior Center costs, the senior population (age 55 and over) is estimated at about 26 percent of total population, as shown in Appendix Table B-1. Population estimates are rounded to the nearest whole number.

Sources: Stanley R. Hoffman Associates, Inc.
Stratus Development Partners, LLC
Lilburn Corporation

Table 2-2
Infrastructure Description
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Bulldozer
A. New Publicly Maintained Road Miles						
On-Site	0.00	0.22	0.00	0.00	0.00	0.22
Off-Site: Widening of existing Citrus and California	0.00	0.25	0.00	0.00	0.00	0.25
Total New Road Miles	0.00	0.47	0.00	0.00	0.00	0.47
Cumulative Miles	0.00	0.47	0.47	0.47	0.47	
B. New Landscaping Square Feet ¹						
On-Site: Internal Lots	0	19,749	0	0	0	19,749
On-Site: Parkways along new roads	0	12,362	0	0	0	12,362
Subtotal On-Site	0	32,111	0	0	0	32,111
Off-Site: Parkways along Citrus and California	0	14,540	0	0	0	14,540
Total New Landscaping Square Feet	0	46,651	0	0	0	46,651
Cumulative Square Feet	0	46,651	46,651	46,651	46,651	
C. New Storm Drain Lineal Feet ²						
Off-Site	0	150	0	0	0	150
Cumulative Lineal Feet	0	150	150	150	150	
D. New Catch Basins ²						
On-Site	0	1	0	0	0	1
Off-Site	0	1	0	0	0	1
Total New Catch Basins	0	2	0	0	0	2
Cumulative Catch Basins	0	2	2	2	2	
E. New Under Sidewalk Drains ²						
On-Site	0	3	0	0	0	3
Off-Site	0	3	0	0	0	3
Total New Under Sidewalk Drains	0	6	0	0	0	6
Cumulative Under Sidewalk Drains	0	6	6	6	6	
F. New Street Lights ³						
On-Site	0	10	0	0	0	10
Off-Site	0	9	0	0	0	9
Total New Under Sidewalk Drains	0	19	0	0	0	19
Cumulative Street Lights	0	19	19	19	19	

Note: 1. Based on discussion with City Public Works staff, new on-site interior lot landscaping will be maintained through a homeowners association (HOA) and internal parkway landscaping will be maintained through a landscape maintenance district (LMD). Off-site landscaping will be maintained by annexing into an existing LMD.

2. Based on discussion with City Public Works staff, new on-site drainage will be maintained through a HOA and off-site drainage will be publicly maintained as part of street maintenance.

3. Maintenance of street lights will be through a street lighting maintenance district, based on discussion with City staff.

Sources: Stanley R. Hoffman Associates, Inc.
Lilburn Corporation
Loma Linda Public Works Department, Jeff Peterson, Associate Engineer

On-site interior road landscaping and off-site parkway landscaping will be maintained through a landscape maintenance district. Off-site drainage will be maintained as part of street maintenance by the City. Street lights will be maintained through a street lighting maintenance district.

2.3 Assessed Valuation and Property Tax

Assessed valuation for the Citrus Lane Project after buildout is projected at about \$17.68 million, as shown in Panel B of Table 2-3. The current assessed valuation of about \$776,589 is estimated for Year 1. Existing assessed valuation is based on the County Assessor's 2014 tax roll values, as shown in Table 2-4.

New residential valuation is estimated at \$17.28 million in constant 2014 dollars for the proposed new units on the Bell Property. This estimated new valuation is based on the following average values by plan type provided by the project developer:

- Plan 1 \$451,350 per unit
- Plan 2 \$486,585 per unit
- Plan 3 \$252,025 per unit

Projected Property Tax

The City General Fund will receive property tax at about 13.55 percent of the basic one percent property tax levy on assessed valuation, as discussed in the Chapter 6 fiscal assumptions. As shown in Panel C of Table 2-3, property tax to the City General Fund for the current assessed valuation upon annexation (Year 1) is projected at \$1,052. As residential units are completed in Year 2, cumulative property tax is projected at \$23,961. All units are assumed to be built in Year 2, therefore projected property tax to the General Fund remains at \$23,961 for Years 3, 4 and 5 and at buildout.

Projected Vehicle License Fees (VLF) - Property Tax In Lieu

The City General Fund will also receive VLF - property tax in lieu based on the increase in assessed valuation in the City. Per State law, when an annexation occurs the existing valuation in the area that is being annexed cannot be used in adjusting the base amount of assessed valuation in the annexing City. The City will receive VLF - property tax in-lieu based on the change in its gross assessed valuation of taxable property for new development in the annexed area. As shown in Appendix Table B-6, the VLF - property tax in lieu in the City is projected to increase at \$877 per million dollars of new assessed valuation (AV).

Table 2-3
Assessed Valuation and Property Tax
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Buildout
A. Residential Units						
<u>Ramirez Property Existing Units</u>	2	0	0	0	0	2
<u>Bell Property New Residential Units</u> ¹						
Plan 1	0	7	0	0	0	7
Plan 2	0	15	0	0	0	15
Plan 3	0	13	0	0	0	22
Annual New Units	0	35	0	0	0	35
Total Annual Units	2	35	0	0	0	37
Total Cumulative Units	2	37	37	37	37	
B. Assessed Valuation						
<u>Current Valuation</u> ²						
Ramirez Property	\$400,334	\$0	\$0	\$0	\$0	\$0
Bell Property	\$376,255	0	0	0	0	n/a
Total Current Valuation	\$776,589	\$0	\$0	\$0	\$0	\$0
<u>New Valuation (Bell Property)</u> ¹						
	Value per New Unit					
Plan 1	\$451,350	\$3,159,450	\$0	\$0	\$0	\$3,159,450
Plan 2	\$486,585	\$7,298,775	\$0	\$0	\$0	\$7,298,775
Plan 3	\$525,025	\$6,825,325	\$0	\$0	\$0	\$6,825,325
Total New Valuation	\$0	\$17,283,550	\$0	\$0	\$0	\$17,283,550
<u>Net New Valuation</u>						
New Valuation	\$0	\$17,283,550	\$0	\$0	\$0	\$17,283,550
		minus				minus
Existing Valuation on Bell Property	\$0	\$376,255	\$0	\$0	\$0	\$376,255
		equals				equals
Net New Valuation (Bell Property)	\$0	\$16,907,295	\$0	\$0	\$0	\$16,907,295
<u>Total Valuation</u>						
Incremental Valuation for Property Tax	\$776,589	\$16,907,295	\$0	\$0	\$0	\$17,683,884
Total Cumulative Valuation	\$776,589	\$17,683,884	\$17,683,884	\$17,683,884	\$17,683,884	
C. Projected Property Tax						
<u>Incremental 1 Percent Property Tax Levy</u>	\$7,766	\$169,073	\$0	\$0	\$0	\$176,839
Total Cumulative 1 Percent Property Tax Levy	\$7,766	\$176,839	\$176,839	\$176,839	\$176,839	
<u>Annual General Fund Property (@ 13.55% of 1 Percent Levy)</u>	\$1,052	\$22,909	\$0	\$0	\$0	\$23,961
Total Cumulative Property Tax - General Fund	\$1,052	\$23,961	\$23,961	\$23,961	\$23,961	
D. Projected VLF-Property Tax In Lieu						
<u>Total Annual Valuation for VLF-Property Tax In Lieu</u> ³	\$0	\$16,907,295	\$0	\$0	\$0	\$16,907,295
Total Cumulative Valuation for VLF-Property Tax In Lieu	\$0	\$16,907,295	\$16,907,295	\$16,907,295	\$16,907,295	
<u>Total Annual VLF-Property Tax In Lieu</u> ³	\$0	\$14,828	\$0	\$0	\$0	\$14,828
(@ \$877 per \$1,000,000 Assessed Valuation)						
Total Cumulative Projected VLF-Property Tax In Lieu	\$0	\$14,828	\$14,828	\$14,828	\$14,828	

Note: 1. Phasing and valuation for the Bell Property are provided by Liburn Corporation.

2. Current valuation is based on the 2014 tax roll values as presented in Table 2-4.

3. Vehicle license fees (VLF) property tax in lieu is projected based on the increase in assessed valuation in a jurisdiction. Per State law, when an annexation occurs the existing valuation in the annexing area cannot be used in adjusting the amount of assessed valuation in the annexing City. Therefore, the current valuation of \$776,589 is not included in the projection of property tax in lieu of VLF.

Sources: Stanley R. Hoffman Associates, Inc.
Liburn Corporation

Table 2-4
Estimated Existing Assessed Valuation
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Tax Rate Area	Parcel Number	Current Assessed Valuation		
		Land	Improvement	Total
<u>Bell Property</u>				
104100	0292-161-01-0000	\$204,179	\$128,802	\$332,981
104100	0292-161-11-0000	<u>\$43,274</u>	<u>\$0</u>	<u>\$43,274</u>
Subtotal Bell Property		\$247,453	\$128,802	\$376,255
<u>Ramirez Property</u>				
104100	0292-161-08-0000	\$62,707	\$146,317	\$209,024
104100	0292-161-12-0000	<u>\$126,627</u>	<u>\$64,683</u>	<u>\$191,310</u>
Subtotal Ramirez		\$189,334	\$211,000	\$400,334
TOTAL		\$436,787	\$339,802	\$776,589

Sources: Stanley R. Hoffman Associates, Inc.
San Bernardino County Assessor, Property Information Management System, Year 2014 Tax Roll

As shown in Panel D of Table 2-3, no VLF - property tax in lieu is projected for existing valuation in Year 1 per State law. By Year 2 VLF - property tax in lieu is projected at \$14,828 and remains at this amount for Years 3, 4, and 5 and at buildout.

2.4 Sales and Use Tax

Sales and use tax is projected for the retail taxable sales that will be captured in the City from off-site purchases made by the future residents of the Citrus Lane Project. The fiscal analysis assumes that the retail purchases from the current residents in the annexation are already being captured in the City; therefore retail taxable sales are not projected for the current residents in the annexation area.

Off-site retail sales and use tax from taxable purchases made by future Citrus Lane Project residents is projected based on the resident's estimated household income and the estimated taxable retail purchases made in the City. Household income is estimated at 25 percent of average housing value based on a mortgage cost analysis by Stanley R. Hoffman Associates. Based on the U.S. Bureau of Labor Statistic, *Consumer Expenditure Survey*, the fiscal analysis estimates the Citrus Lane Project residents will generate total taxable retail purchases at about 32 percent of household income.

Sales and Use Tax

As shown in Table 2-5, estimated annual off-site retail sales and use tax from taxable purchases made by future Citrus Lane residents are projected at \$7,866 after buildout. This estimate is based on total household income projected at about \$4.42 million after buildout (25 percent of residential valuation of about \$17.68 million). At 32 percent of household income, the projected retail taxable purchases made by Citrus Lane Project residents are projected at about \$1.41 million after buildout. The fiscal analysis assumes that 50 percent of the retail taxable purchases or about \$707,356 will be made annually in the City.

At one percent of the estimated captured taxable sales of about \$707,356, sales tax is projected at \$7,074 after buildout. At the City average use tax rate of 11.2 percent of sales tax, an additional \$792 of use tax is projected after buildout. Total sales and use tax captured in the City by the Citrus Lane Project residents is projected at \$7,866 after buildout. Based on the projected new residential valuation for each year, no off-site sales and use tax is projected for Year 1. The off-site sales and use tax from future residents of the Citrus Lane Project are projected at \$7,866 for Year 2. Because no units are planned after Year 2, the projected sales and use tax remains at \$7,866 for Years 3, 4, 5 and at buildout.

Table 2-5
Estimated Off-Site Sales and Use Tax by Project Residents
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Buildout
<u>Cumulative New Residential Valuation</u> ¹	\$0	\$17,683,884	\$17,683,884	\$17,683,884	\$17,683,884	\$17,683,884
<u>Household Income (@ 25% of household valuation)</u> ²	\$0	\$4,420,971	\$4,420,971	\$4,420,971	\$4,420,971	\$4,420,971
<u>Retail Taxable Sales (@ 32% of household income)</u>	\$0	\$1,414,711	\$1,414,711	\$1,414,711	\$1,414,711	\$1,414,711
<u>Projected Off-Site Retail Taxable Sales Captured in Loma Linda</u> (@ 50% capture)	\$0	\$707,356	\$707,356	\$707,356	\$707,356	\$707,356
<u>Projected Sales and Use Tax to Loma Linda</u>						
Sales Tax (@ 1% of taxable sales)	\$0	\$7,074	\$7,074	\$7,074	\$7,074	\$7,074
Use Tax (@ 11.2% of sales tax)	\$0	\$792	\$792	\$792	\$792	\$792
Total Projected Sales and Use Tax	\$0	\$7,866	\$7,866	\$7,866	\$7,866	\$7,866
<u>Allocation of Total Projected Off-Site Sales and Use Tax</u> ³						
Sales and Use Tax (@ 75% of total sales and use tax)	\$0	\$5,900	\$5,900	\$5,900	\$5,900	\$5,900
Property Tax in Lieu of Sales Tax (@ 25% of total sales and use tax)	\$0	\$1,966	\$1,966	\$1,966	\$1,966	\$1,966
Total Projected Sales and Use Tax	\$0	\$7,866	\$7,866	\$7,866	\$7,866	\$7,866

Note: 1. The fiscal analysis assumes that the current residents in the annexation area are making purchases in the City, therefore retail sales and tax is not projected for Year 1.
2. Based on a mortgage cost analysis by the fiscal consultant, household income is estimated at 25 percent of average housing value.
3. As of July 1, 2004, the State has reduced the local sales tax allocation by 25 percent, and replaced this 25 percent reduction of sales tax with a dollar-for-dollar allocation of local property tax from County ERAF funds.

Source: Stanley R. Hoffman Associates, Inc.

CHAPTER 3

PUBLIC FACILITIES BEFORE AND AFTER ANNEXATION

This chapter describes the existing and anticipated future service providers for the proposed Citrus Lane Project. The level and range of the following services are in this chapter:

- General Government
- Fire and Paramedic
- County Sheriff and Public Safety
- Library
- Parks and Recreation
- Animal Control
- Street Lighting and Traffic Signals
- Landscape Maintenance
- Water
- Sewer
- Transportation
- Flood Control and Drainage
- Utilities
- Schools
- Solid Waste Management
- Health and Welfare

As presented in Table 3-1, San Bernardino County and local special districts provide many services to the annexation area, located in Loma Linda's Sphere of Influence (SOI), including general government, fire and paramedic, sheriff services, library, animal control, street lighting, road maintenance, flood control, solid waste management and health and welfare. Also, the Redlands Unified School District (RUSD) provides educational services and a number of private utilities serve the annexation area.

After annexation, the City of Loma Linda is anticipated to provide services including general government, community development, fire and paramedic, public safety under contract with the County Sheriff, library under contract with the County Library System, local parks and recreation, street lighting and traffic signals, landscape maintenance, water, sewer, transportation, and utilities.

Certain one-time development impact fees are collected for public facilities, and are detailed in Chapter 4. These one-time development impact fees (DIFs) are estimated for the proposed 35 new residential units in the Citrus Lane Project. One-time development impact fees are not estimated for the two existing residential units on the Ramirez property in the annexation area.

Table 3-1
Service Providers Before and After Proposed Annexation
Citrus Lane Annexation Plan for Service and Fiscal Analysis
City of Loma Linda

Service	Current Service Provider	Anticipated Service Provider
General Government Services:		
Finance Division	San Bernardino County	City of Loma Linda
Human Resources Division	San Bernardino County	City of Loma Linda
Business Registration	San Bernardino County	City of Loma Linda
Economic Development	San Bernardino County	City of Loma Linda
Community Development:		
Planning	San Bernardino County	City of Loma Linda
Building & Safety	San Bernardino County	City of Loma Linda
Code Compliance	San Bernardino County	City of Loma Linda
Fire and Paramedic	Loma Linda Fire Department (automatic aid agreement)	Loma Linda Fire Department
Sheriff/Police	San Bernardino County Sheriff	City Contract with San Bernardino County Sheriff
Library	San Bernardino County Library	City Contract with San Bernardino County Library
Parks and Recreation:		
Local facilities	City of Loma Linda	City of Loma Linda
Regional facilities	San Bernardino County	San Bernardino County
Animal Control	San Bernardino County Contract with City of San Bernardino Animal Control	City Contract with City of San Bernardino Animal Control
Street Lighting and Traffic Signals	Southern California Edison and/or County of San Bernardino	City of Loma Linda -Street Lighting District No. 1
Landscape Maintenance	n/a	City of Loma Linda - Landscape Maintenance District No. 1
Water:		
Domestic Water	City of Loma Linda	City of Loma Linda
Recycled Water	City of Loma Linda	City of Loma Linda
Irrigation Water	Bear Valley Municipal Water Company/Redlands	n/a
Water Quality	City of Loma Linda	City of Loma Linda
Sewer	Septic Service	City of Loma Linda
Transportation:		
Freeways and Interchanges	Cal Trans	Cal Trans
Arterials and collectors	San Bernardino County Public Works	City of Loma Linda
Local roads	San Bernardino County Public Works	City of Loma Linda
Transit	Omnitrans	Omnitrans
Flood Control and Drainage:		
Local facilities	San Bernardino County Flood Control District	San Bernardino County Flood Control District
Regional facilities	San Bernardino County Flood Control District	San Bernardino County Flood Control District
Utilities:		
Cable/Internet Provider/Telephone	Time Warner/Verizon	Time Warner/Verizon
Power	Southern California Edison	Loma Linda Connected Community Program (LLCCP)
Natural Gas	Southern California Gas Company	Southern California Edison
Schools	(K-12) Redlands Unified School District	Southern California Gas Company
Solid Waste Management	San Bernardino County contract with Republic Services of Southern California	(K-12) Redlands Unified School District
Health and Welfare	San Bernardino County Department of Public Health	Loma Linda Contract with Republic Services of Southern California
		San Bernardino County Department of Public Health

Sources: Stanley R. Hoffman Associates, Inc.
City of Loma Linda, Website and Loma Linda General Plan, Public Services and Facilities Element
City of Loma Linda, Planning Department
City of Loma Linda, Finance Department
County of San Bernardino, Public Works Department and Special Services District

The County of San Bernardino will provide services such as county library, regional parks and recreation, flood control and drainage, and health and welfare. The City of Loma Linda will contract for animal control services from the City of San Bernardino. Public schools and solid waste management service providers will continue to be the same before and after annexation.

3.1 General Government and Community Development

Before Annexation

San Bernardino County currently provides general government, including administrative and economic development, and community development services to the annexation area.

After Annexation

The City of Loma Linda will provide general government services which include administrative services as well as services such as General Governance, Finance, Human Resources and Economic Development to the entire annexation area. Also Loma Linda will provide Community Development services comprised of Planning, Building and Safety and Code Compliance to the entire annexation area.

One-time development impact fees are collected on new development by the City for general government and community development facilities, estimated at \$75,250 and \$12,005, respectively for the proposed 35 new residential units in the annexation area. One-time fees for art in public places are estimated at \$43,209 for the proposed 35 new residential units. These one-time fees are detailed in Chapter 4 and Table 4-1.

3.2 Fire and Paramedic

Before and After Annexation

The City of Loma Linda's Department of Public Safety, Community Safety Division provides fire and paramedic services to the City and also to the annexation area at no charge through a joint response/automated aid agreement with the County Fire Protection District according to the Loma Linda General Plan, Public Services and Facilities Element. The Fire and Rescue Division handles structural, wildland, vehicle, fire suppression, fire investigation, heavy rescue, technical rescue, confined-space rescue, hazardous materials response, vehicle extrication, emergency medical procedures, building collapse, train derailment, CPR/First-aid training, and fire hydrant testing.

The response time for emergency calls varies within the City. Based on the origination of the call, the drive time may vary. The City has two fire stations, #251 and #252, located at 11325 Loma Linda Drive and 10520 Ohio Street respectively. The annexation area is about 1.8 miles from Fire Station #251 (also known as the "Civic Center" fire station) and considered within its service area. The City has a performance standard of a five-minute response time (including three-minute running time) for 80 percent of emergency fire, medical and hazardous materials calls citywide as shown in Loma Linda's General Plan.

The City of Loma Linda's Fire Department is the service provider for the annexation area before and after annexation. Although there will be no change in fire and paramedic services provided

to the annexation area, the City will receive the annual property tax currently allocated to the County Fire Department upon annexation of the project area for operation and maintenance services. Also, a one-time impact fee for fire facilities is estimated at \$19,950 for the proposed 35 new residential units, as shown in Table 4-1.

3.3 Sheriff (Police) and Public Safety

Before and After Annexation

The County Sheriff currently provides public safety services to the annexation area. After the annexation, the City of Loma Linda will contract with the San Bernardino County Sheriff-Coroner Department to provide their local police services. The Sheriff's Headquarters, Central Station, is located at 655 East Third Street in the City of San Bernardino which is about 6.1 miles from the proposed project site. The City shares the cost of law enforcement personnel and equipment with the City of Grand Terrace. According to the Loma Linda General Plan, Public Services and Facilities Element, the level of calls for police services has been steadily increasing over the past several years to about 55 to 60 calls per day. This trend is expected to continue in the future.

3.4 Library

Before and After Annexation

The Loma Linda Public Library facility is a branch of the San Bernardino County Library system. The library is located at 25581 Barton Road in the City of Loma Linda. Based on discussion with the City Finance Director, the library is located in a City-owned facility that is leased by the San Bernardino County Library and is funded by San Bernardino County property taxes and the State of California. As part of the lease agreement with Loma Linda, the City provides library facility maintenance services. These services are expected to continue upon annexation with no expected change in service levels or costs. One-time library facilities fees for the proposed 35 new residential units are estimated at \$9,100 for the proposed project, as shown in Table 4-1.

3.5 Parks and Recreation

Before Annexation

There are no local or regional park facilities in the annexation area and current residents in the annexation area are assumed to use nearby City park facilities. Regional park facilities outside the area that serve the annexation area are operated and maintained by San Bernardino County.

After Annexation

Local Park and Recreation services provided by the City of Loma Linda and regional facilities located in San Bernardino County are expected to be accessible to the residents of the annexation area. The City owns ten existing parks in the City with an estimated 49.33 acres that are developed and maintained. These parks range from 0.16 acre to 19.60 acres in size. Some of the amenities the parks provide are baseball fields, basketball courts, lighted tennis courts, volleyball/sport courts, open areas for football and soccer, playground areas (tot areas), picnic tables, barbecue pits, electricity upon request, drinking fountains, restrooms, trails and a dog park for small and large dogs. Currently, the City has no formal recreation programs, but no-fee Park Use Permits for special events are available to local organizations and the general public.

The Community Development Department is responsible for park facility planning and the Public Works Department provides maintenance of the parks. According to the General Plan, the City hopes to achieve a ratio of 5.0 acres of park land per 1,000 persons at General Plan buildout. With a population of 23,614 persons in 2014 and 49.33 acres of developed parkland, the City currently has a park ratio of about 2.09 acres per 1,000 population. This does not include the open space in the South Hills Preserve, half of which is located in the southern region of the City, and the other half in San Bernardino County and Riverside County. The South Hills Preserve in Loma Linda is an estimated 850 acres of wild land with unimproved informal trails that are permanently protected from any development.

The City imposes a Parkland Acquisition and Development Impact Fee on all new residential development, at \$5,354 per unit, as shown on Table 4-1. These fees are estimated at \$187,390 for the 35 new units in the Citrus Lane annexation area.

3.6 Animal Control

Before Annexation

Currently, the City of San Bernardino Animal Control provides services the annexation area under contract to the County of San Bernardino.

After Annexation

Upon annexation, the City of Loma Linda will contract with the City of San Bernardino for animal control services to the proposed annexation area.

3.7 Street Lighting and Traffic

Before Annexation

Street lighting is currently serviced by Southern California Edison (SCE) for an existing street light at the intersection of California Street and Citrus Avenue and across from the project site along Orange Avenue. There are no traffic signals along the boundary of the project site.

After Annexation

Upon annexation, the project area will be annexed into the City of Loma Linda's Street Lighting District. Once the project area is annexed into the City and the Street Lighting District, street lights will be installed and maintained by the City. There are no traffic signals planned for the project.

Typically, starting from the first light at the intersection, one street light would be installed every 200 feet. The developer is expected to cover all street light installation costs in addition to maintenance costs for a year. After a year, the City will start maintaining the street lights and will charge an annual assessment fee per single family unit.

3.8 Landscape Maintenance

Before Annexation

The annexation area is not currently in a landscape maintenance district.

After Annexation

The City has an existing Landscaping Maintenance District (LMD No. 1) that assesses properties based on the estimated costs to maintain the improvements that provide special benefit to properties within the district. Each property is assessed proportionately for only those improvements from which the parcel receives special benefit. These benefits include the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of the ornamental structures and the landscaping. This also includes furnishing electricity for the lighting and operation of the ornamental structures, and water for the irrigation and control of the landscaping.

The developer is responsible for the plans and specifications for the landscaping and irrigation improvements for the proposed project. It is possible for the property owner to provide their own landscape maintenance and receive no assessment from the LMD associated with the maintenance costs, since the associated costs would be paid directly by the property owner. However, the property owner will still be assessed administrative costs to ensure that the required landscaping will be maintained to the City's standards.

3.9 Water

Before and After Annexation

The City of Loma Linda provides the production and distribution of water within the City and to developments outside its boundaries after annexation. The City obtains its water from groundwater wells in the Bunker Hill Basin, an aquifer underlying the eastern San Bernardino Valley. The City operates five groundwater wells: Richardson Wells 1, 3, and 4 and Mountain View Wells 3 and 5. These production wells have a combined capacity of 14 million gallons per day. The City also has emergency water connections with the City of San Bernardino as well as the City of Redlands water systems.

In addition to the existing wells, a new water-treatment plant, located on City of Loma Linda-owned land surrounded by the City of San Bernardino opened in October, 2010. This treatment plant provides Loma Linda's 22,000 water customers with an additional supply of water. Once contaminated by chemicals, Lockheed Martin developed the water-treatment plant on the site to treat the groundwater that was contaminated by its operational facility in the 1960's and 1970's. The new plant is capable of pumping and filtering 4,800 gallons of water per minute or about 6.9 million gallons per day (mgd).

Currently, the City's water resources are sufficient to meet the demand at build out based on the City's current resources and the anticipated new development. The City has the ability to finance and construct required facilities necessary to obtain the water supply to meet planned growth through the collection of development fees, which are estimated at \$122,500 for the proposed 35 new residential units in the project, as shown on Table 4-1, and the use of other funding methods.

There are existing water lines along the western and southern edges of the annexation area which are California Street and Orange Avenue, respectively. The existing units on the Ramirez Property currently receive water from the City of Loma Linda. Development of the Bell Property site would include connection to existing lines near the project site. Construction plans shall be reviewed by the City Engineer to ensure the design will have sufficient carrying capacity to meet the proposed project.

3.10 Sewer

Before and After

The City of Loma Linda provides the operation and maintenance of sewer collection facilities for

the City and the areas outside its boundaries after annexation. This service is maintained by the City's Department of Public Works, Utilities Division. Sewer line maintenance is administered by the City while wastewater treatment services are administered under provisions in a Joint Powers Agreement (JPA) with the City of San Bernardino. At the San Bernardino Municipal Water Department wastewater facility, wastewater is treated to the secondary level. Effluent is then piped to a tertiary treatment facility, known as the RI/X plant, before being discharged to the Santa Ana River. The City of Loma Linda, through its agreement with the City of San Bernardino, also participates in the cost of the RI/X plant.

As shown in Table 3-2, the wastewater facility in the City of San Bernardino has the capacity to process up to 33 million gallons per day (gpd), of which 7 million gpd is allotted to Loma Linda. Of the 7 million gpd, the City currently uses less than half of the assigned 7 million gpd. According to the Loma Linda's General Plan, the average wastewater flow generated by the City during ultimate build out conditions is projected to be 6.27 million gpd. This leaves adequate total capacity for the City's wastewater flow from the proposed annexation.

Table 3-2
Sewer System Approximate Daily Usage (In Gallons)
Citrus Lane Project Plan for Service and Fiscal Impact Analysis
City of Loma Linda

	Treatment Plant Capacity	Approximate Daily Usage	Approximate Surplus
Existing Daily Total	7,000,000	Less than 3,500,000	More than 3,500,000
Build-Out Daily Total	7,000,000	6,270,000	730,000

Source: Stanley R. Hoffman Associates, Inc.
Loma Linda General Plan, Public Services and Facilities Element, 2009.

The western side of the annexation area borders existing City sewer lines along California Street and Orange Avenue that are connected to the City's sanitary sewer system. The developer would be responsible for connecting the new development to this line. The existing units on the Ramirez Property utilize septic service. However, any future development on the Ramirez Property at a density exceeding ½ acre per unit would require connection to the City's sanitary sewer system.

The proposed development is not projected to make a significant impact on the City's current usage of less than half of the assigned 7 million gpd at the wastewater facility in the City of San

Bernardino. The proposed project would not require the expansion of existing treatment facilities although a wastewater collection system fee estimated at \$18,865 would be required for the 35 new residential units, as shown on Table 4-1.

3.11 Transportation

Before Annexation

Current transportation services for the City of Loma Linda include freeways and interchanges serviced by Caltrans; arterials, collectors and local roads serviced by the Public Works Department, San Bernardino County; and public transit serviced by Omnitrans.

After Annexation

Caltrans and Omnitrans will continue to provide their services post annexation. As for arterials, collectors and local roads, the City of Loma Linda will service any local roads and signals associated with the proposed project.

The developer will be responsible for street improvements on Citrus Avenue and California Street, adjacent to the proposed residential development project site. There is also a traffic fair share fee that will be determined by the traffic engineer. This fee is composed of a regional fee that goes to San Bernardino Association of Governments (SANBAG), a local fee that goes to the City of Loma Linda, and a project fee that also goes to the City. There is also a development impact fee, paid by the developer of the new 35 residential units, for local circulation systems (\$51,346) and regional circulation systems (\$180,160) as shown on Table 4-1.

3.12 Flood Control and Drainage

Before and After Annexation

The San Bernardino County Flood Control District services the City for local and regional flood control and drainage facilities and is expected to be the future service provider for the proposed project. The County Flood Control District is responsible for flood protection on major streams, water conservation, and storm drain construction. In accordance to the National Pollutant Discharge Elimination System (NPDES) permit program, the proposed project is required to design their storm water collection system to control water pollution by regulating point sources that discharge pollutants into the water. Any improvements to the current drainage system will be determined by the City engineer. Costs for these improvements will be covered by the developer or through development impact fees estimated at \$24,570 for the proposed 35 new units, as shown in Table 4-1.

3.13 Utilities

Before Annexation

Utilities include Cable, Internet, Telephone, Power, and Natural Gas. Before annexation, these services are provided as follows:

1. Cable/Internet/ Telephone - Time Warner and Verizon
2. Power – Southern California Edison
3. Natural Gas – Southern California Gas Company

After Annexation

According to the City of Loma Linda, Public Works Department, once the area is annexed into the City of Loma Linda, the providers for the following utilities will be as follows:

1. Cable/Internet/Telephone – Loma Linda Connected Community Program (LLCCP), Time Warner, and Verizon
2. Power – Southern California Edison
3. Natural Gas – Southern California Gas Company

The Citrus Lane Annexation Area is located on the southeast corner of California Street and Citrus Avenue, which currently is part of the Loma Linda Connected Community Program (LLCCP). The LLCCP uses a citywide fiber optic network that can support very high data speeds. These lines would be able to service the proposed development in the annexation area as well. Costs to connect the utility lines to the proposed development would not impact the city and would be paid for either by the developer or by the utility companies where their costs are recovered through their user fees and charges.

The existing electrical utility lines will have to be under grounded once the development of the new residential units commence. The City Engineer has indicated that the cost to underground the electrical utility lines will be covered by Southern California Edison and not by the developer.

3.14 Schools

Before and After Annexation

Public education in the City of Loma Linda is provided by the Redlands Unified School District (RUSD). Schools in the RUSD that provide service to the annexation area include Mission Elementary School, Cope Middle School and Redlands High School. Collectively, these schools provide education for students from Kindergarten through 12th grade. RUSD is the current school service provider for the annexation area as well as after the annexation. There is a one-

time residential development impact school fee estimated at \$3.36 per residential square foot, resulting in estimated school impact fees of \$354,651 for the proposed 35 new units in the project, as shown in Table 4-1.

3.15 Solid Waste Management

Before Annexation

The current service provider for collection of solid waste in the annexation area is Republic Services of Southern California.

After Annexation

The City contracts with Republic Services of Southern California to provide solid waste collection services. Solid waste that is not diverted to recycling or composting facilities is transported to the San Timoteo Sanitary Landfill, a County-owned landfill located in the City of Redlands. The San Timoteo Sanitary Landfill is permitted to receive up to 1,000 tons per day, and has an estimated closure date of May, 2016. The proposed project is expected to have minimal impact on the landfill facility.

3.16 Health and Welfare

Before and After Annexation

San Bernardino County Department of Public Health currently services the City for the general public's health and welfare. The department provides a variety of programs and services that informs and educates the public about health issues. The County Department of Public Health will be the future service provider of public health and welfare. No changes in service levels or costs are expected to occur after the annexation of the proposed project.

CHAPTER 4

ONE-TIME FEES AND CHARGES

This section presents the one-time fees and charges associated with the new 35 single family residential units proposed for the Bell property within the annexation area. Development fees are one-time fees paid for by the developer to offset the additional public capital costs of new development. Development impact fees are not estimated for the two existing units on the Ramirez property that is part of the annexation.

As shown in Table 4-1, the total City and school one-time development impact fees (DIF) for the proposed development are estimated at \$1,098,997. Of this total, City development impact fees for Community Development, Public Safety and Engineering are estimated at \$744,346 and school development impact fees are estimated at \$354,561. Detailed development impact fee calculations are summarized in Table 4-1 below and shown in detail in Appendix Table B-1 as provided by the City's Community Development staff.

Table 4-1
Summary of Development Impact Fees
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Fee Category	Units	Fee per Unit	Total Fees				
<u>Community Development</u>							
General Government Facilities	35	\$2,150.00	\$75,250				
Parkland Acquisition and Development	35	\$5,354.00	\$187,390				
Open Space Acquisition		n/a	n/a				
Public Meeting Facilities	35	\$343.00	\$12,005				
Redevelopment Housing Fees	0	n/a	n/a				
Public Library Facilities	35	\$260.00	\$9,100				
		<table><tr><th>Project Valuation</th><th>Percent of Project Value</th></tr><tr><td>\$17,283,550</td><td>0.25%</td></tr></table>	Project Valuation	Percent of Project Value	\$17,283,550	0.25%	
Project Valuation	Percent of Project Value						
\$17,283,550	0.25%						
Art in Public Places			\$43,209				
		<table><tr><th>Units</th><th>Fee per Unit</th></tr></table>	Units	Fee per Unit			
Units	Fee per Unit						
<u>Public Safety</u>							
Fire Suppression Facilities	35	\$570.00	\$19,950				
<u>Engineering</u>							
Local Circulation Systems (Streets, Signals and Bridges)	35	\$1,467.04	\$51,346				
Regional Circulation Systems (Streets, Signals and Bridges)	35	\$5,147.44	\$180,160				
Storm Drainage Facilities	35	\$702.00	\$24,570				
Water Generation, Storage and Distribution	35	\$3,500.00	\$122,500				
Wastewater Collection System	35	\$539.00	\$18,865				
Total City Development Impact Fees			\$744,346				
		<table><tr><th>Total Square Feet of Units</th><th>Fee per Residential Building Square Foot ¹</th></tr><tr><td>105,551</td><td>\$3.36</td></tr></table>	Total Square Feet of Units	Fee per Residential Building Square Foot ¹	105,551	\$3.36	
Total Square Feet of Units	Fee per Residential Building Square Foot ¹						
105,551	\$3.36						
<u>School Fees</u>							
Redlands Unified School District			\$354,651				
Total Development Impact Fees			\$1,098,997				

Note: 1. The Redlands Unified School District residential fee of \$3.36 per square foot is effective November 10, 2014.

Sources: Stanley R. Hoffman Associates, Inc.
City of Loma Linda, Community Development Department.
Redlands Unified School District, Facilities Division

CHAPTER 5 FISCAL IMPACTS OF ANNEXATION AREA

This chapter presents the fiscal analysis of the Citrus Lane Project to the City of Loma Linda General Fund after annexation. Fiscal impacts are shown in constant 2014 dollars with no adjustment for possible future inflation. The fiscal assumptions for the fiscal analysis are presented in Chapter 6.

As shown in summary Table 5-1, a recurring annual surplus of \$20,943 is projected for the Citrus Lane Project to the City General Fund after buildout.

Table 5-1
Summary of Projected Fiscal Impacts after Buildout
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

City General Fund	Buildout
Annual Recurring Revenues	\$61,684
Annual Recurring Costs	<u>40,741</u>
Net Annual Recurring Surplus	\$20,943

Sources: Stanley R. Hoffman Associates, Inc.

5.1 Phased Fiscal Impacts

The projected cumulative impacts to the City General Fund for the first five years after annexation of the Citrus Lane Project are included in Table 5-2. The current development on the Ramirez Property is assumed during the first year after annexation, with development as proposed on the Bell Property beginning in the second year after annexation.

As shown in Table 5-2, a small deficit of \$542 is projected to the City General Fund for Year 1, which includes the existing development on the Ramirez property. A surplus of \$20,943 is projected for Year 2 when the 35 new units on the Bell Property are completed. No development is proposed for Years 3 through 5, therefore the projected surplus to the General Fund remains at \$20,943 for these years and at buildout.

Table 5-2
Detailed Projected Recurring Fiscal Impacts
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Category	Year 1	Year 2	Year 3	Year 4	Year 5	Percent of Total
<u>General Fund Annual Recurring Revenues</u>						
Property Taxes	\$1,052	\$23,961	\$23,961	\$23,961	\$23,961	38.8%
VLF-Property Tax in Lieu	0	14,828	14,828	14,828	14,828	24.0%
Property Transfer Tax	30	681	681	681	681	1.1%
Off-Site Retail Sales and Use Tax	0	5,900	5,900	5,900	5,900	9.6%
Property Tax in Lieu of Sales Tax	0	1,966	1,966	1,966	1,966	3.2%
Proposition 172 Half Cent Sales Tax	0	83	83	83	83	0.1%
Franchise Fees	133	2,544	2,544	2,544	2,544	4.1%
Animal Licenses and Fines	5	93	93	93	93	0.2%
Recycling and Refuse	133	2,546	2,546	2,546	2,546	4.1%
Other Charges for Services (excluding one-time charges)	43	827	827	827	827	1.3%
Other Revenue	245	4,705	4,705	4,705	4,705	7.6%
Transfers In: State Gas Tax	125	2,409	2,409	2,409	2,409	3.9%
Transfers In: From Other City Funds	85	1,641	1,641	1,641	1,641	2.7%
Recurring Revenues Subtotal	\$1,851	\$62,184	\$62,184	\$62,184	\$62,184	100.8%
Loss of County Fire Revenues ¹	(\$500)	(\$500)	(\$500)	(\$500)	(\$500)	-0.8%
Total Recurring Revenues	\$1,351	\$61,684	\$61,684	\$61,684	\$61,684	100.0%
<u>General Fund Annual Recurring Costs</u>						
General Government	\$344	\$7,401	\$7,401	\$7,401	\$7,401	18.2%
Police Protection	421	8,078	8,078	8,078	8,078	19.8%
Senior Center	8	202	202	202	202	0.5%
Community Development	9	168	168	168	168	0.4%
Fire Protection	822	15,773	15,773	15,773	15,773	38.7%
Public Works: Street Maintenance	0	3,572	3,572	3,572	3,572	8.8%
Public Works: Refuse and Recycling	153	2,938	2,938	2,938	2,938	7.2%
Public Works: Park Maintenance	128	2,450	2,450	2,450	2,450	6.0%
Public Works: Other Costs	8	159	159	159	159	0.4%
Total Recurring Costs	\$1,893	\$40,741	\$40,741	\$40,741	\$40,741	99.6%
<u>General Fund Annual Recurring Surplus</u>	(\$542)	\$20,943	\$20,943	\$20,943	\$20,943	
<u>General Fund Revenue/Cost Ratio</u>	0.71	1.51	1.51	1.51	1.51	

Note: 1. The City Fire Department is currently paid by the County to provide fire protection to the proposed annexation area. Upon annexation, the City is responsible for fire protection to the annexed area. City staff estimates the revenue loss from the County at about \$500 annually.

Sources: Stanley R. Hoffman Associates, Inc.

Projected Recurring Revenues

About 76 percent of the total projected revenues after buildout of the Citrus Lane Project are comprised of property tax VLF - property tax in lieu, off-site sales and use tax and property tax in lieu sales tax.

Projected Recurring Costs

Fire protection, police protection and general government are the largest projected recurring costs and account for about 77 percent of total projected recurring costs for the Citrus Lane Project after buildout.

CHAPTER 6

CITY OF LOMA LINDA FISCAL ASSUMPTIONS

This chapter presents the revenue and cost assumptions for the fiscal analysis of the Citrus Lane Project proposed annexation. The general demographic and economic assumptions used for calculating fiscal factors are first presented. The assumptions for projecting recurring revenues are then presented followed by the assumptions for projecting recurring costs. The City's revenues and costs as presented in the *City of Loma Linda, Fiscal Year 2014-2015 Adopted Budget* and discussions with key City staff are the sources for calculating fiscal factors.

6.1 City General Assumptions

Fiscal impacts that are not based on valuation and taxable sales are generally projected based on a per capita, per employee, or per service population basis. Some fiscal impacts are projected based on other factors, such as per road mile. General fund revenue and cost factors are estimated by dividing the Fiscal Year (FY) 2014-2015 budget categories by the City's resident population, employment or total service population. Table 6-1 provides the City's general assumptions for this fiscal analysis.

Population

Loma Linda's total population of 23,614 is based on the State Department of Finance (DOF) estimate as of January 1, 2014. The City population estimate is used for projecting certain revenues and costs on a per capita basis, such as State subvended gas taxes.

Estimated Senior Population

For purposes of projecting Senior Center costs, the fiscal analysis estimates the current Loma Linda population age 55 and over at 6,140. This estimate is based on the U.S. Census Bureau, 2008-2012 American Community Survey (ACS) estimate that people 55 years and over represent about 26 percent of the total City population, as shown in Appendix Table B-1.

Employment

For fiscal factors that are impacted by only employment, such as business license taxes, the City's total employment is used as the basis for calculating the factor. The total City employment of 20,250 for the year 2014 is based on an interpolation of the Southern California Council of Governments' (SCAG) *RTP 2012* adopted estimates.

Table 6-1
City Population, Housing and Employment Assumptions
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda

Assumption	Description
	<u>Population and Housing</u>¹
22,895	Household Population
719	Group Quarters Population
23,614	Total Population
5,866	Single Family Units
3,831	Multi-Family Units
9,697	Total Housing Units
8,808	Occupied Housing Units
2.60	Citywide Average Household Size
	<u>Estimated Senior Population</u>²
26%	Share of Population over 55
6,140	Estimated Population over 55
	<u>Employment</u>
20,250	Total Employment in the City ³
times	
87%	Estimated Share of Total Employment from Outside the City ⁴
equals	
17,618	Estimated Employment from Outside the City ⁴
	<u>Daily Students and Visitors</u>⁵
5,300	Daily University Students and Visitors
	<u>Estimated Service Population</u>⁶
23,614	Total Population
8,809	Estimated Employment (at 50 percent of 17,618 workers from outside the City)
2,650	Daily University Students and Visitors (at 50 percent of 5,300 daily students and visitors)
35,073	Estimated Daily Total Service Population

- Note: 1. Population and housing estimates are January 1, 2014 estimates provided by the California Department of Finance (DOF).
2. For purposes of projecting Senior Center costs, the City's senior population is estimated at 6,140 based on the over 55 population representing 26 percent of the total City population, as reported in the American Community Survey (ACS) cited below.
3. The total employment estimate is for 2014 based on an interpolation of the 2008 and 2020 estimates from the Southern California Association of Governments, (SCAG) 2012 Adopted estimates.
4. Residents that live and work in the City are removed from the total City employment estimate because the impacts from these workers are included in the impacts to residents. Based on the 2011 U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) report for the City, about 87 percent of the total workers in the City come from outside the City, resulting in an estimate of 17,618 workers from outside the City.
5. The estimates of the average daily university students and visitors are provided by City Community Development staff.
6. The fiscal analysis defines the service population as an estimate of resident population plus 50 percent of employment from outside the City and 50 percent of daily University students and visitors. Estimates of employment from outside the City and daily University students and visitors are weighted at 50 percent to account for the estimated less frequent use of City services by employment and University students and visitors versus resident population.

Sources: Stanley R. Hoffman Associates, Inc.
State of California, Department of Finance, *E-5 Population and Housing Estimates for Cities, Counties and the State, 2011-2014*, Sacramento, California, May 2014
Southern California Association of Governments (SCAG), *Adopted Regional Transportation Plan (RTP)*, 2012
U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD), *OnTheMap for Loma Linda, California*, 2011
U.S. Census Bureau, *2008-2012 American Community Survey (ACS) 5-Year Estimates, Demographic and Housing Estimates, Report DP05*
Loma Linda Community Development Department

To account for the workers who live and work in the City, the estimated share workers from outside the City is used as the employment estimate for the fiscal analysis. Based on the U.S. Census Bureau 2011 Longitudinal Employer-Household Dynamic (LEHD) report for the City, about 87 percent of the total workers in the City come from outside the City, as shown in Appendix Table B-2. When this share is applied to the total employment estimate of 20,250, workers from outside the City are estimated at 17,618.

Daily University Students and Visitors

To account for the impacts from the large number of daily University students and visitors to the City, they are included in the estimated service population for the fiscal analysis. The City Community Development staff provided an estimate of 5,300 daily University students and visitors.

Estimated Service Population

Fiscal factors that are impacted by population, employment, students and visitors to the City are estimated by allocating total budgeted revenues or costs to the estimated service population. Service population includes the City's resident population plus 50 percent of the estimated City employment from outside the City and 50 percent of the estimated daily University students and daily visitors to the City. Employment from outside the City and daily University students and daily visitors are weighted at 50 percent to account for the estimated less frequent use of City services by employment and visitors versus population.

As shown in Table 6-1, the service population for the City is estimated at 35,073. The service population estimate includes the resident population of 23,614, the weighted employment from outside the City of 8,809 (50 percent of 17,618), and the weighted University students and visitors estimate of 2,650 (50 percent of 5,300). The self-employed are not included in the weighted employment estimate because they are assumed to be represented in the population estimate.

6.2 City General Fund Revenue Assumptions

The revenue factors for the General Fund recurring revenues projected in the fiscal analysis are summarized in Table 6-2. These revenue factors are based on the City's Fiscal Year (FY) 2014-2015 revenues presented in Appendix Table B-3 and the City's population and service population estimates that are presented in Table 6-1. The remainder of this section describes the revenue factors.

Table 6-2
General Fund Recurring Revenue Factors
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Revenue Source	Adopted FY 2014-2015 Revenues	Projection Basis ¹	Annual Projection Factors or Amounts
<u>Property Taxes</u> ²	\$1,237,000	Case Study: Project Valuation	13.55% City General Fund share of 1% levy
<u>VLF - Property Tax In Lieu</u> ³	\$1,678,500	Case Study	\$877 per \$1,000,000 assessed valuation
<u>Property Transfer Tax</u>	\$34,000	Property Turnover and Valuation Assumptions	7.0% turnover rate \$0.55 per \$1,000 assessed valuation
<u>Sales and Use Tax</u>	\$4,309,300	Taxable Sales	75% of 1% of projected sales and use tax
<u>Property Tax In Lieu of Sales Tax</u> ⁴	\$1,436,400	Taxable Sales	25% of 1% of projected sales and use tax
<u>Use Tax</u>		Use Tax as Percent of Sales Tax	11.2% of sales tax
<u>Proposition 172 (Half Cent Sales Tax)</u>	\$61,000	Total City Sales and Use Tax = \$5,806,700	\$10.51 per \$1,000 of City sales and use tax
<u>Franchise Fees</u>	\$929,600	Service Population = 35,073	\$26.50 per service population
<u>Animal Licenses and Fines</u>	\$23,000	Population = 23,614	\$0.97 per capita
<u>Recycling and Refuse</u>	\$930,200	Service Population = 35,073	\$26.52 per service population
<u>Other Charges for Services</u>	\$203,200	Population = 23,614	\$8.61 per capita
<u>Other Revenue</u>	\$1,718,900	Service Population = 35,073	\$49.01 per service population
<u>Transfers In:</u>			
<u>Gas Tax Fund</u>	\$592,400	Population = 23,614	\$25.09 per capita
<u>Transfers from Other Funds</u>	\$599,300	Service Population = 35,073	\$17.09 per service population
<u>Loss of Fire Revenues from County</u> ⁵	Case Study	Annual Revenues from County for Current Service to Annexation Area = \$500	(\$500.00) estimated maximum annual fire revenue loss from County
<u>Interest Earnings</u>	\$20,000	Share of Non-Interest Recurring Revenues = \$13,772,800	0.15% not projected

- Note: 1. For fiscal factors that are based on population and employment, an estimated service population factor is applied, which represents the City's resident population, plus 50 percent of the estimated employment from outside the City and 50 percent of daily students and visitors to the City, as shown in Table 6-1.
2. The fiscal analysis projects property tax at the average exchange of the basic one percent property tax allocations for tax rate area (TRA) in the project site upon annexation to the City, as shown in Appendix Table B-5.
3. The State has lowered the VLF rate, which reduces the amount of VLF received by cities and counties. However, the State is providing property taxes to offset the VLF reduction. VLF is estimated to change according to the City's increase in assessed valuation, as shown in Appendix Table B-6.
4. As of July 1, 2004, the State has reduced the local sales tax allocation by 25%, and replaced this 25% reduction of sales tax with a dollar-for-dollar allocation of local property tax from County ERAF funds.
5. Based on discussion with the City Fire Chief, the City currently receives reimbursement from the County for providing fire protection to the proposed annexation area. Upon annexation, the City is responsible for fire protection and the County will not pay for fire protection services to this area. The City Fire Chief estimates the loss of revenues from the County at a maximum of \$500 per year.

Sources: Stanley R. Hoffman Associates, Inc.
City of Loma Linda, *Fiscal Year 2014-2015 Adopted Budget*
State of California, Department of Finance, *E-5 Population and Housing Estimates for Cities, Counties and the State, 2011-2014*, Sacramento, California, May 2014
Southern California Association of Governments (SCAG), *Adopted Regional Transportation Plan (RTP), 2012*
City of Loma Linda, Finance Department and Fire Department

As shown in Panel A of Table 6-2, projected General Fund revenues include property tax; vehicle license fees (VLF) - property tax in lieu; property transfer tax; sales and use tax; property tax in lieu of sales tax; Proposition 172 half-cent sales tax; franchise fees; animal licenses and fines; code violation; recycling and refuse; other charges for services; other revenue; transfers in to the General fund; and interest earned on recurring revenues.

Property Tax

Property tax revenues are projected based on the City's share of the one percent property tax levy on the estimated assessed valuation for the proposed development in the Citrus Lane Project. The current allocation rate of the one percent property tax for the tax rate area (TRA) 104100 in the annexation area is presented in Appendix Table B-4. The City's share of the 1.0 percent basic levy is estimated at about 13.55 percent upon annexation, as shown in Appendix Table B-5. The calculations are based on the formula and methodology provided by the San Bernardino County LAFCO staff.

VLF - Property Tax In Lieu

Cities and counties began receiving additional property tax revenue to replace vehicle license fee (VLF) revenue that was lowered when the state reduced the vehicle license tax in 2004. This VLF - property tax in lieu is projected to grow with the change in the Citywide gross assessed valuation (AV) of taxable property from the prior year. VLF - Property tax in lieu revenue is allocated in addition to other property tax apportionments.

As shown in Appendix Table B-6, the VLF - property tax in lieu in the City is projected to increase at \$877 per million dollars of new assessed valuation (AV). This factor is based on the change in AV and the change in VLF - property tax in lieu in the City over the period from fiscal year 2004-2005 to fiscal year 2013-2014. The change over the period from fiscal year 2004-2005 to fiscal year 2013-2014 is used to represent an average of the economic upturns and downturns.

Per State law, when an annexation occurs the existing valuation in the area that is being annexed cannot be used in adjusting the base amount of assessed valuation in the annexing City. Prior to the recently passed SB89 legislation, a City received property tax in lieu of VLF for the existing development in the annexation area at \$50 per capita annually, based on the estimated population of the annexation area at the time of annexation. Based on the new SB89 legislation, an

annexing City will no longer receive property tax in lieu of VLF for the existing assessed valuation in the area being annexed. The City will receive property tax in-lieu of VLF based on the change in its gross assessed valuation of taxable property for new development in the annexed area.

Property Transfer Tax

Sales of real property are taxed by San Bernardino County at a rate of \$1.10 per \$1,000 of property value. For property located in the City, property transfer tax is divided equally between the City and the County, with the City receiving \$0.55 per \$1,000 of transferred property value. Based on the U.S. Census Bureau, 2008-2012 American Community Survey, residential development in the City is assumed to change ownership at an average rate of about 7.0 percent per year (Appendix Table B-7).

Sales and Use Tax

As part of the total sales tax levied by the State, all cities and counties in the State generally receive a basic one percent (1.0 percent) sales tax and have the option to levy additional sales taxes under certain circumstances. The fiscal analysis projects sales and use tax based on the estimated retail taxable sales made in the City by the future residents of the Citrus Lane Project.

Sales and use tax is projected at 75.0 percent of the total sales and use tax generated because the State has reduced the local sales tax allocation (1.0 percent) by 25.0 percent and replaced this with a dollar-for-dollar allocation of local property tax from the County Educational Revenue Augmentation Fund (ERAF).

Property Tax In Lieu of Sales Tax

This revenue represents the 25.0 percent of the local sales tax allocation of 1.0 percent that is replaced with a dollar-for-dollar amount of local property tax from the County ERAF funds.

Use Tax

In addition to sales tax revenue, the City receives revenues from the use tax, which is levied on shipments into the state and on construction materials for new residential and non-residential development not allocated to a situs location. Use tax is allocated by the State Board of Equalization (BOE) to counties and cities based on each jurisdiction's proportion of countywide and statewide direct taxable sales.

Appendix Table B-8 presents the City sales and use tax for calendar year 2013 provided by Hinderliter de Llamas and Associates (HdL). HdL estimates that \$382,395 of total sales and use tax was made from levies designated as use tax and the remaining \$3,411,198 of the sales and use tax was point-of-sale sales tax. Therefore, use tax revenues to the City of Loma Linda are estimated at an additional 11.2 percent of point-of-sale sales tax.

Proposition 172 (Half Cent Sales Tax)

As shown in Table 6-2, these revenues are projected at \$10.51 per \$1,000 of sales and use tax based on City estimated FY 2014-2015 Proposition 172 revenues of \$61,000 and the City's total sales and use tax estimate of \$5,805,700.

Franchise Fees

The City receives a franchise fee from telephone/mobile, natural gas, electricity, water, cable/satellite and refuse businesses within Loma Linda for use of public rights-of-way. Based on the City Fiscal Year (FY) 2014-2015 adopted revenues of \$929,600, franchise fees are projected at \$26.50 per the service population estimate of 35,073, as shown in Table 6-2.

Animal Licenses and Fines

These fees are projected at \$0.97 per capita based on revenues of \$23,000 and the current city population estimate of 23,614. Projected animal control fines are combined with animal licenses in the projected fiscal impacts for the annexation.

Recycling and Refuse

Refuse recycling service charges and collection revenues are projected at \$26.52 per service population based on FY 2014-2015 adopted revenues of \$930,200 and the City's estimated service population of 35,073.

Other Charges for Services

These revenues are projected at \$8.61 per capita based on FY 2014-2015 adopted revenues of \$203,200 and the City's estimated population of 23,614. These other current service charges include sales of maps and publications, towing fees, household hazard waste, emergency medical service (EMS) membership, EMS response fees and miscellaneous services.

Other Revenue

As shown in Table 6-2, these revenues are projected at \$49.01 per service population based on

FY 2014-2015 adopted revenues of \$1,718,900 and the City service population estimate of 35,073. Revenues in this category include refunds/reimbursements, miscellaneous revenue, damage claim recovery revenues and overhead revenues for services provided to the Water Enterprise Fund and the Sewer Enterprise Fund.

Transfers In

These revenues include transfers to the City General Fund from other City funds.

State Gas Tax. State gasoline taxes are projected at \$25.09 per capita based on the FY 2014-2015 adopted revenue amount of \$592,400 and the City population estimate of 23,614. State Gasoline tax accrues to the Gas Tax Fund, and these revenues contribute to Public Works Department expenditures for street maintenance, including sidewalks, curbs, gutters and other street related maintenance.

Other City Funds. Other transfers to the General Fund are projected at \$17.09 per service population based on adopted FY 2014-2015 revenues of \$599,300 and the City's estimated service population of 35,073.

Loss of Fire Revenues from County

As shown in Table 6-2, the City projects a recurring revenue loss of about \$500 upon annexation of the Citrus Lane Project. The City Fire Department currently receives revenue from San Bernardino County for providing fire protection services to unincorporated areas adjacent to the City. Upon annexation, the City is responsible for fire protection to the Citrus Lane annexation area. The City Fire Chief estimates the potential loss in revenues from the County for the proposed annexation area at a maximum of \$500 annually.

Interest Earnings

These revenues represent about 0.15 of projected recurring General Fund revenues. However, because interest earned on investments are minimal, they are not projected in the fiscal analysis.

6.3 City Cost Assumptions

The General Fund cost factors that are used in preparing the fiscal analysis for the Citrus Lane Project are presented in Table 6-3. These factors are based on the adopted expenditures in the City's FY 2014-2015 Budget shown in Table 6-4 and the City's population and service population estimates that are presented in Table 6-1.

Table 6-3
General Fund Recurring Cost Factors
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Cost Category	Adopted FY 2014/2015 Expenditures	Net Cost	Projection Basis ¹	Annual Projection Factors
<u>General Government</u> ²	\$3,690,700	\$2,768,025	Case study	22.2% of direct line costs
<u>Police Protection</u>	\$2,951,500	\$2,951,500	Service population = 35,073	\$84.15 per service population
<u>Senior Center</u> ³	\$49,700	\$49,700	Senior population = 6,140	\$8.09 per senior
<u>Community Development</u> ⁴	\$1,033,000	\$61,300	Service population = 35,073	\$1.75 per service population
<u>Fire Department</u>	\$5,762,500	\$5,762,500	Service population = 35,073	\$164.30 per service population
<u>Public Works:</u>				
Street Maintenance ⁵	\$480,800	n/a	Case Study	\$7,600 per lineal mile
Refuse and Recycling	\$1,073,100	\$1,073,100	Service population = 35,073	\$30.60 per service population
Parks Maintenance ⁶	\$602,700	\$602,700	Population = 23,614	\$25.52 per capita
Other Public Works ⁷	<u>\$526,800</u>	\$58,100	Service population = 35,073	\$1.66 per service population
Total Public Works	\$2,683,400			

- Note: 1. For fiscal factors that are based on population and employment, an estimated service population factor is applied, which represents the City's resident population, plus 50 percent of the estimated employment from outside the City and 50 percent of daily students and visitors to the City, as shown in Table 6-1.
2. The calculation of the general government overhead rate is presented in Table 6-4.
3. Senior Center costs are projected for the senior population (55 years and over), which is estimated at about 26 percent of the total City population, as shown in Appendix Table B-1.
4. Initial community development costs are reduced by projected on-time revenues. Net costs for community development are presented in Panel A of Appendix Table B-9.
5. The estimated street maintenance cost per mile is presented in Panel A of Appendix Table B-10.
6. No parks are planned for the proposed project, however park costs are projected at the current average Citywide cost per capita.
7. Other public works costs include traffic safety, engineering and facilities maintenance. Net costs for other public works are presented in Panel B of Appendix Table B-9.

Sources: Stanley R. Hoffman Associates, Inc.
City of Loma Linda, *Fiscal Year 2014-2015 Adopted Budget*
City of Loma Linda, Finance Department and Public Works Department

Table 6-4
Calculation of City General Government Overhead Rate
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

General Fund Expenditures	Adopted FY 2014/2015 Expenditures	General Government	Non-General Government
<u>General Government</u>			
<u>Administration</u>			
City Council	\$107,000	\$107,000	
City Clerk	76,800	76,800	
City Manager	131,900	131,900	
Finance	406,300	406,300	
Information Services	76,400	76,400	
General Government	<u>2,892,300</u>	<u>2,892,300</u>	
Total Overhead Administration	\$3,690,700	\$3,690,700	
<u>Non-General Government</u>			
<u>Administration</u>			
Police-Administration	\$2,951,500		\$2,951,500
Animal Regulation - Administration	0		0
Senior Center - Administration	<u>49,700</u>		<u>49,700</u>
Non-General Government Administration Total	\$3,001,200		\$3,001,200
<u>Community Development</u>			
Planning	\$271,200		\$271,200
Building & Safety	597,900		597,900
Code Enforcement	<u>163,900</u>		<u>163,900</u>
Community Development Total	\$1,033,000		\$1,033,000
<u>Fire Department</u>			
Parking Control	\$143,100		\$143,100
Fire Prevention	252,800		252,800
Fire & Rescue Services	5,112,500		5,112,500
Disaster Preparation	<u>254,100</u>		<u>254,100</u>
Fire Department Total	\$5,762,500		\$5,762,500
<u>Public Works</u>			
Traffic Safety	\$173,200		\$173,200
Engineering	117,300		117,300
Street Maintenance	480,800		480,800
Facilities Maintenance	236,300		236,300
Refuse	1,054,800		1,054,800
Recycling	18,300		18,300
Parks Maintenance	602,700		602,700
Vehicle Maintenance	<u>0</u>		<u>0</u>
Public Works Total	\$2,683,400		\$2,683,400
GRAND TOTAL GENERAL FUND	\$16,170,800	\$3,690,700	\$12,480,100
<u>Current General Government Overhead Rate</u>			
General Government Expenditures			\$3,690,700
Direct General Fund Expenditures		<i>divided by</i>	\$12,480,100
Current General Government Overhead Rate		<i>equals</i>	29.6%
Marginal Increase in General Government Costs @ 75%¹			22.2%
Note: 1. General government costs for the project are not assumed to increase on a one-to-one basis. Therefore, the fiscal analysis projects general government at a marginal rate of 75 percent or 22.2 percent of non-general recurring costs.			
Sources: Stanley R. Hoffman Associates, Inc. City of Loma Linda, <i>Fiscal Year 2014-2015 Adopted Budget</i>			

Projected General Fund expenditures include general government, or overhead functions, and the following non-general government services of police, senior center, community development services, fire protection and public works.

General Government

General government costs such as City Council, City Clerk, City Manager, Finance, Information Services and Non-Departmental expenditures, provide overhead services that cannot be directly linked to a specific department. General government costs include administration and support of departmental line costs such as police, fire and public works. These costs are usually viewed as citywide overhead and are projected using an overhead rate applied to departmental line costs.

As shown in Panel B of Table 6-4, FY 2014-2015 adopted general government costs of \$3,690,700 represent about 29.6 percent of direct line costs of \$12,480,100. However, overhead costs are not assumed to increase on a one-to-one basis for new development. Based on discussion with City staff, general government costs are projected at a marginal rate of 75 percent, or at 22.2 percent of direct costs.

Police Protection

Police costs are projected at \$84.15 per service population, as shown in Table 6-3, based on FY 2014-2015 adopted expenditures of \$2,951,500 and the City's service population estimate of 35,073.

Senior Center

As shown in Table 6-3, Senior Center costs are projected at \$8.09 per capita based on FY 2014-2015 adopted expenditures of \$49,700 and the City's senior (age 55 and over) population estimate of 6,140. The U.S. Census Bureau, 2008-2012 American Community Survey (ACS) estimates that people 55 years and over represent about 26 percent of the total City population. The ACS estimated population by age groups is presented in Appendix Table B-1.

Community Development

Based on FY 2014-2015 net community development costs of \$61,300 and the City service population estimate of 35,073, non-fee supported costs for community development are estimated at \$1.75 per service population. As shown in Table 6-3, the total General Fund community development costs of \$1,033,000 are offset by one-time processing permit and fee revenues of \$971,700, as shown in Panel A of Appendix Table B-9.

Fire Department

As shown previously in Table 6-3, fire protection costs are projected at \$164.30 per service population based on FY 2014-2015 adopted expenditures of \$5,762,500 and the City's estimated 35,073 service population.

Public Works

Public works costs include street maintenance; refuse and recycling; park maintenance and other public works costs.

Street Maintenance. Based on discussion with the City's Public Works staff, street maintenance costs are projected at \$7,600 per lineal mile. As shown Appendix Table B-10, the City spent about \$200,000 for slurry seal and overlay on about three miles of streets in the year 2010, or about \$70,000 per mile. Based on discussion with City staff, the fiscal analysis assumes a 10-year cycle for these services, resulting in an annualized cost of about \$7,000 per mile for slurry seal and overlay costs. City Public Works staff estimates that these costs have increased by about \$600 based on the increase in construction costs from Engineering News Record over the period since 2011.

Refuse and Recycling. These costs are projected at \$30.60 per service population based on FY 2014-2015 adopted budget costs of \$1,073,100 for refuse and recycling services and the estimated current City service population of 35,073.

Park Maintenance. No parks are planned the Citrus Lane Project. However, park maintenance cost for project residents' use of City parks is projected at \$25.52 per capita. This cost factor is based on the FY 2014-2015 adopted budget costs of \$602,700 for park maintenance and the existing City population estimate of 23,614.

Other Public Works. Net recurring costs are projected for the other recurring public works costs of traffic safety, engineering and facilities maintenance. Based on FY 2014-2015 net costs of \$58,100 for these services and the City service population estimate of 35,073, non-fee supported costs for other public works are estimated at \$1.66 per service population. As shown in Table 6-3, the total General Fund other public works costs of \$526,800 are offset by one-time processing permit and fee revenues of \$468,700, as shown in Panel B of Appendix Table B-9.

APPENDIX A DETAILED DEVELOPMENT IMPACT FEES

Table A-1 (page 1 of 3)
Estimated Detailed Development Impact Fees
Citrus Lane Annexation Plan for Services, City of Loma Linda
(In Constant 2014 Dollars)

CITY OF LOMA LINDA DEVELOPMENT IMPACT FEES SHEET					
FEES DUE? (Yes/No)	Yes	Bldg Permit #			
CASE NUMBER:		APN:			
PROJECT NAME:	Citrus Lane	SQ. FT.:			
PRJ. ADDRESS:		DATE:			
PLAN CHK. NO.:		Fees Updated			
PLANNER:					

COMMUNITY DEVELOPMENT					
1. GENERAL GOVERNMENT FACILITIES					ACCT #
					No. 16-9409
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit/Unit		TOTAL
Detached Dwelling Units	35.00	\$2,150.00			\$ 75,250.00
Attached Dwelling Units		2,150.00			-
Mobile Home Units		2,150.00			-
Assisted Care Units		140.00			-
Commercial Lodging		140.00			-
	Sq. Ft.	Fees/Sq. Ft.			
Commercial/Office Uses		\$0.261			-
Industrial Uses		0.261			-
Medical Office Uses		0.261			-
TOTAL	Note				\$ 75,250.00

2. PARKLAND ACQUISITION AND DEVELOPMENT					ACCT #
					No. 4-9409
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit/Unit		TOTAL
Detached Dwelling Units	35.00	\$5,354.00			\$ 187,390.00
Attached Dwelling Units		3,955.00			-
Mobile Home Units		3,630.00			-
Assisted Care Units		1,754.00			-
TOTAL	Note				\$ 187,390.00

3. OPEN SPACE ACQUISITION					ACCT #
					No. 4-9411
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit/Unit		TOTAL
Commercial Lodging		271.00			\$ -
	Sq. Ft.	Fees/Sq. Ft.			
Commercial/Office Uses		\$0.666			-
Industrial Uses		0.389			-
Medical Office Uses		0.389			-
TOTAL	Note				\$ -

4. PUBLIC MEETING FACILITIES					ACCT #
					No. 18-9409
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit/Unit		TOTAL
Detached Dwelling Units	35.00	\$343.00			\$ 12,005.00
Attached Dwelling Units		253.00			-
Mobile Home Units		232.00			-
Assisted Care Units	N/A	No Fee			No Fee
Commercial Lodging	N/A	No Fee			No Fee
	Sq. Ft.	Fees/Sq. Ft.			
Commercial/Office Uses	N/A	No Fee			No Fee
Industrial Uses	N/A	No Fee			No Fee
Medical Office Uses	N/A	No Fee			No Fee
TOTAL	Note				\$ 12,005.00

5. ART IN PUBLIC PLACES					ACCT #
					No. 23-9409
DEVELOPMENT TYPE	Project \$ Value	% of Value	Credit		TOTAL
Residential Valuation	\$17,283,550.00	\$0.0025			\$ 43,208.88
Commercial/Industrial Valuation		\$0.0050			-
TOTAL	Note				\$ 43,208.88

6. REDEVELOPMENT HOUSING FEES - PER DEVELOPMENT AGREEMENT					ACCT #
					No. 03-9408
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit		TOTAL
Residential				See Pam	\$0.00
Commercial/ Industrial				See Pam	\$0.00
TOTAL	Note				\$0.00

(Continued...)

Table A-1 (page 2 of 3)
Estimated Detailed Development Impact Fees
Citrus Lane Annexation Plan for Services, City of Loma Linda
(In Constant 2014 Dollars)

CITY OF LOMA LINDA
DEVELOPMENT IMPACT FEES SHEET

7. PUBLIC LIBRARY FACILITIES					ACCT #
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit/Unit		TOTAL
Detached Dwelling Units	35.00	\$260.00			\$ 9,100.00
Attached Dwelling Units		192.00			-
Mobile Home Units		176.00			-
Assisted Care Units	N/A	No Fee			No Fee
Commercial Lodging	N/A	No Fee			No Fee
	Sq. Ft.	Fees/Sq. Ft.			
Commercial/Office Uses	N/A	No Fee			No Fee
Industrial Uses	N/A	No Fee			No Fee
Medical Office Uses	N/A	No Fee			No Fee

PUBLIC SAFETY

8. FIRE SUPPRESSION FACILITIES, ET. AL.					ACCT #
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit/Unit		TOTAL
Detached Dwelling Units	35.00	\$570.00			\$ 19,950.00
Attached Dwelling Units		377.00			-
Mobile Home Units		576.00			-
Assisted Care Units		1,151.00			-
Commercial Lodging		286.00			-
	Sq. Ft.	Fees/Sq. Ft.			
Commercial/Office Uses		\$0.938			-
Industrial Uses		0.161			-
Medical Office Uses		0.426			-

ENGINEERING

9a. LOCAL CIRCULATION SYSTEMS (STREETS, SIGNALS AND BRIDGES)					ACCT #
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit/Unit	Code	TOTAL
Detached Dwelling Units	35.00	1,467.04			\$ 51,346.40
Attached Dwelling Units		979.44			-
Mobile Home Units		767.44			-
Assisted Care Units		212.00			-
	Rooms	Fees/room			
Resort Tourist		\$ 1,127.84		RT-M	-
	Sq. Ft.	Fees/Sq. Ft.			
Commercial/Office Uses		\$ 1.336		C-GOB	-
Industrial Uses		0.522		I-M	-

9b. REGIONAL CIRCULATION SYSTEMS (STREETS, SIGNALS AND BRIDGES)					ACCT #
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit/Unit		TOTAL
Detached Dwelling Units	35.00	5,147.44			\$ 180,160.40
Attached Dwelling Units		3,435.59			-
Mobile Home Units		3,882.90			-
Assisted Care Units		743.85			-
	Rooms	Fees/room			
Resort Tourist		\$ 3,957.28		RT-M	-
	Sq. Ft.	Fees/Sq. Ft.			
Commercial/Office Uses	-	\$ 4.686		C-GOB	-
Industrial Uses	-	1.830		I-M	-

10. STORM DRAINAGE FACILITIES					ACCT #
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit/Unit		TOTAL
Detached Dwelling Units	35.00	\$702.00			\$ 24,570.00
Attached Dwelling Units		141.00			-
Mobile Home Units		178.00			-
Assisted Care Units		49.00			-
Commercial Lodging		48.00			-
	Sq. Ft.	Fees/Sq. Ft.			
Commercial/Office Uses		\$0.129			-
Industrial Uses		0.076			-
Medical Office Uses		0.098			-

(Continued...)

Table A-1 (page 3 of 3)
Estimated Detailed Development Impact Fee Tables
Citrus Lane Annexation Plan for Services, City of Loma Linda
(In Constant 2014 Dollars)

CITY OF LOMA LINDA
DEVELOPMENT IMPACT FEES SHEET

11. WATER GENERATION, STORAGE AND DISTRIBUTION				ACCT #	No. 38-9782
DEVELOPMENT TYPE	# of Units	Fees/Unit			TOTAL
Detached Dwelling Units	35.00	\$3,500.00			\$ 122,500.00
Attached Dwelling Units		2,586.00			-
Mobile Home Units		2,374.00			-
Assisted Care Units		1,146.00			-
Commercial Lodging		1,720.00			-
	Sq. Ft.	Fees/Sq.Ft.			
Commercial/Office Uses		\$0.343			-
Industrial Uses		0.343			-
Medical Office Uses		1.212			-
TOTAL	Note				\$ 122,500.00

12. WASTEWATER COLLECTION SYSTEM				ACCT #	No. 17-9409
DEVELOPMENT TYPE	# of Units	Fees/Unit	Credit/Unit		TOTAL
Detached Dwelling Units	35.00	\$539.00			\$ 18,865.00
Attached Dwelling Units		398.00			-
Mobile Home Units		366.00			-
Assisted Care Units		177.00			-
Commercial Lodging		265.00			-
	Sq. Ft.	Fees/Sq.Ft.			
Commercial/Office Uses		\$0.053			-
Industrial Uses		0.053			-
Medical Office Uses		0.187			-
TOTAL SEWER COST	Note				\$ 18,865.00

TOTAL DEVELOPMENT FEE COST	\$ 744,345.68
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ADDITIONAL CONTACT INFORMATION:

SCHOOL FEES REDLANDS UNIFIED SCHOOL DISTRICT (909) 748-6730

SEWER CAPACITY FEES
CITY OF SAN BERNARDINO CITY OF SAN BERNARDINO WATER DEPT (909) 384-5093

CITY OF LOMA LINDA PLAN CHECK & PERMIT FEES:
BUILDING PLAN CHECK CITY OF LOMA LINDA BUILDING DEPT (909) 799-2836
BUILDING PERMIT
GRADING PERMIT
FIRE SPRINKLER
FIRE PLAN CHECK

Fee Schedule Last Updated as of 1/13/2011

Development fees - Resolution #2358
Adopted 10-25-04
Effective 12-25-04

Water Connection fees- Resolution #2315
Adopted 02-10-04
Effective 03-01-04

Art in Public Places - Ordinance #851
Adopted 12/13/05
Effective 01/10/06

Circulation Development Impact Fees - Resolution #2483
Adopted 12/12/06
Effective 12/12/06
Expend 01/23/07
Regional Circulation - Updated 4/8/08 - Resol#2537

APPENDIX B SUPPORTING FISCAL TABLES

Table B-1
U. S. Census, American Community Survey: Population by Age
City of Loma Linda

Subject	Loma Linda City, California	
	Estimate	Percent
SEX AND AGE		
Total population	23,239	23,239
Male	11,244	48.4%
Female	11,995	51.6%
Under 5 years	1,234	5.3%
5 to 9 years	1,252	5.4%
10 to 14 years	1,191	5.1%
15 to 19 years	1,224	5.3%
20 to 24 years	2,077	8.9%
25 to 34 years	4,415	19.0%
35 to 44 years	2,929	12.6%
45 to 54 years	2,995	12.9%
55 to 59 years	1,272	5.5%
60 to 64 years	1,305	5.6%
65 to 74 years	1,383	6.0%
75 to 84 years	1,126	4.8%
85 years and over	836	3.6%

Total 55 and Over **26%**

Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, 2008-2012 American Community Survey, Report DP05

Table B-2
U.S. Census 2011 Live/Work Data
City of Loma Linda

Inflow/Outflow Report - Loma Linda, California

Selection Area Labor Market Size (Primary Jobs)

	2011	
	Count	Share
Employed in the Selection Area	17,916	100.0%
Living in the Selection Area	6,403	35.7%
Net Job Inflow (+) or Outflow (-)	11,513	-

In-Area Labor Force Efficiency (Primary Jobs)

	2011	
	Count	Share
Living in the Selection Area	6,403	100.0%
Living and Employed in the Selection Area	2,284	35.7%
Living in the Selection Area but Employed Outside	4,119	64.3%

In-Area Employment Efficiency (Primary Jobs)

	2011	
	Count	Share
Employed in the Selection Area	17,916	100.0%
Employed and Living in the Selection Area	2,284	12.7%
Employed in the Selection Area but Living Outside	15,632	87.3%

Outflow Job Characteristics (Primary Jobs)

	2011	
	Count	Share
External Jobs Filled by Residents	4,119	100.0%
Workers Aged 29 or younger	998	24.2%
Workers Aged 30 to 54	2,329	56.5%
Workers Aged 55 or older	792	19.2%
Workers Earning \$1,250 per month or less	861	20.9%
Workers Earning \$1,251 to \$3,333 per month	1,388	33.7%
Workers Earning More than \$3,333 per month	1,870	45.4%
Workers in the "Goods Producing" Industry Class	335	8.1%
Workers in the "Trade, Transportation, and Utilities" Industry Class	667	16.2%
Workers in the "All Other Services" Industry Class	3,117	75.7%

Inflow Job Characteristics (Primary Jobs)

	2011	
	Count	Share
Internal Jobs Filled by Outside Workers	15,632	100.0%
Workers Aged 29 or younger	2,962	18.9%
Workers Aged 30 to 54	9,363	59.9%
Workers Aged 55 or older	3,307	21.2%
Workers Earning \$1,250 per month or less	1,251	8.0%
Workers Earning \$1,251 to \$3,333 per month	5,357	34.3%
Workers Earning More than \$3,333 per month	9,024	57.7%
Workers in the "Goods Producing" Industry Class	121	0.8%
Workers in the "Trade, Transportation, and Utilities" Industry Class	479	3.1%
Workers in the "All Other Services" Industry Class	15,032	96.2%

Interior Flow Job Characteristics (Primary Jobs)

	2011	
	Count	Share
Internal Jobs Filled by Residents	2,284	100.0%
Workers Aged 29 or younger	390	17.1%
Workers Aged 30 to 54	1,303	57.0%
Workers Aged 55 or older	591	25.9%
Workers Earning \$1,250 per month or less	156	6.8%
Workers Earning \$1,251 to \$3,333 per month	566	24.8%
Workers Earning More than \$3,333 per month	1,562	68.4%
Workers in the "Goods Producing" Industry Class	5	0.2%
Workers in the "Trade, Transportation, and Utilities" Industry Class	18	0.8%
Workers in the "All Other Services" Industry Class	2,261	99.0%

Note: 1. Based on the 2011 U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) report for the City, about 87 percent of the total workers in the City come from outside the City.

Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, OnTheMap Application, Longitudinal Employer-Household Dynamics,
Inflow/Outflow Report, Loma Linda, California, 2011

Table B-3 (page 1 of 2)
General Fund Recurring Revenues
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Revenue Category	Adopted FY 2014/2015 Revenue	Citrus Lane Project		
		Annual Processing Fees/Permits ¹	Not Projected ²	Projected Recurring Revenue ³
<u>Taxes and Assessments</u>				
<u>Property Taxes</u>				
Current Secured	\$920,000	\$0	\$0	\$920,000
Current Unsecured	40,000	0	0	40,000
Statutory Pass-Thru	45,000	0	0	45,000
Prior Taxes	50,000	0	0	50,000
Supplemental Current	2,000	0	0	2,000
Miscellaneous Taxes	10,000	0	0	10,000
Negotiated Pass-Thru	70,000	0	0	70,000
Residual Balance RPTTF	100,000	0	0	100,000
Property Taxes Total	\$1,237,000	\$0	\$0	\$1,237,000
<u>Franchises</u>				
Franchises	\$684,000	\$0	\$0	\$684,000
Refuse Franchise Fees	130,300	0	0	130,300
Pavement Improvement Fees	115,300	0	0	115,300
Franchises Total	\$929,600	\$0	\$0	\$929,600
<u>Sales and Use Tax</u>				
Sales Tax - SBE	\$4,309,300	\$0	\$0	\$4,309,300
Sales Tax - In Lieu	1,436,400	0	0	1,436,400
Sales Tax - Proposition 172	61,000	0	0	61,000
Sales and Use Tax Total	\$5,806,700	\$0	\$0	\$5,806,700
<u>Other Taxes</u>				
Transient Occupancy Tax	\$35,600	\$0	\$35,600	\$0
Property Transfer Tax	34,000	0	0	34,000
Business Licenses	365,000	0	365,000	0
Other Taxes Total	\$434,600	\$0	\$400,600	\$34,000
Taxes and Assessments Total	\$8,407,900	\$0	\$400,600	\$8,007,300
<u>Licenses and Permits</u>				
Animal Licenses	\$22,000	\$0	\$0	\$22,000
Public Works - Miscellaneous Permits	7,000	7,000	0	0
Building Permits	623,500	623,500	0	0
Fire Plan Check	53,700	53,700	0	0
Fire Permits - Annual	42,000	0	42,000	0
Miscellaneous Permits	700	0	700	0
Licenses and Permits Total	\$748,900	\$684,200	\$42,700	\$22,000
<u>Fines and Forfeits</u>				
State Mandate Fee	\$1,000	\$0	\$1,000	\$0
Code Violations	6,200	6,200	0	0
Animal Code Fines	1,000	0	0	1,000
Fines and Forfeits Total	\$8,200	\$6,200	\$1,000	\$1,000
<u>Use of Money and Property</u>				
Interest	\$20,000	\$0	\$0	\$20,000
Lease Income	200,200	0	200,200	0
Facilities Rental	15,000	0	15,000	0
Use of Money and Property Total	\$235,200	\$0	\$215,200	\$20,000
<u>Intergovernmental</u>				
Federal Grants	\$19,900	\$0	\$19,900	\$0
Vehicle License Fee - In Excess	10,000	0	10,000	0
VLF - Property Tax In-Lieu	1,678,500	0	0	1,678,500
Homeowners Property Tax Relief	8,400	0	8,400	0
Intergovernmental Total	\$1,716,800	\$0	\$38,300	\$1,678,500

Table B-3 (page 2 of 2)
General Fund Recurring Revenues
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Revenue Category	Adopted FY 2014/2015 Revenue	Citrus Lane Project		
		Annual Processing Fees/Permits ¹	Not Projected ²	Projected Recurring Revenue ³
<u>Charges for Services</u>				
General Plan Update	\$10,000	\$0	\$10,000	\$0
VA Fire Services	189,300	0	189,300	0
CSA 38 Fire Services	13,000	0	13,000	0
Planning Fees	282,800	282,800	0	0
Environmental Impact Fees	2,000	2,000	0	0
Sale of Maps & Publications	100	0	0	100
Project Plans/Specific Plans	3,500	3,500	0	0
Engineering Inspection	415,900	415,900	0	0
Engineering Plan Check	45,800	45,800	0	0
Towing Fees	6,400	0	0	6,400
Weed Abatement	10,000	0	0	10,000
Refuse Recycling Revenue	300	0	0	300
Household Hazard Waste	32,000	0	0	32,000
Recycling Service Charges	49,400	0	0	49,400
Refuse Collection	725,000	0	0	725,000
Refuse - Pass Through	155,500	0	0	155,500
EMS - Membership	35,700	0	0	35,700
EMS Response Fee	115,000	0	0	115,000
Miscellaneous Services	4,000	0	0	4,000
Special Events	0	0	0	0
Charges for Services Total	\$2,095,700	\$750,000	\$212,300	\$1,133,400
<u>Other Revenue</u>				
Sale of History Books	\$0	\$0	\$0	\$0
Code Enforcement	0	0	0	0
Refunds/Reimbursements	20,000	0	0	20,000
Miscellaneous Revenue	35,600	0	0	35,600
Donations	0	0	0	0
Sale of Citrus from Groves	0	0	0	0
Sale of Equipment	0	0	0	0
Damage Claim Recovery	5,000	0	0	5,000
Gain on Sale of Assets	0	0	0	0
Overhead - M & O	1,658,300	0	0	1,658,300
Overhead - Capital	61,100	0	61,100	0
Other Revenue Total	\$1,780,000	\$0	\$61,100	\$1,718,900
<u>Transfers In</u>				
Traffic Safety Fund	\$143,500	\$0	\$0	\$143,500
Gas Tax Fund	592,400	0	0	592,400
Fire Facilities Fund	14,300	0	0	14,300
General Facilities Fund	10,800	0	0	10,800
Citizens' Option Public Safety (COPS)	80,700	0	0	80,700
Special Projects Fund	350,000	0	0	350,000
Transfers In Total	\$1,191,700	\$0	\$0	\$1,191,700
TOTAL GENERAL FUND OPERATING REVENUES	\$16,184,400	\$1,440,400	\$971,200	\$13,772,800

- Note: 1. Revenues that occur on a one-time basis and revenues that occur as a fixed amount payment from other agencies are not projected.
2. Certain revenues, such as transient occupancy tax and business licenses, are not projected because they are not impacted by the proposed annexation.
3. These are the recurring revenue categories projected for the proposed annexation.

Sources: Stanley R. Hoffman Associates, Inc.
City of Loma Linda, Fiscal Year 2014-2015 Adopted Budget
City of Loma Linda, Finance Department

Table B-4
Current Tax Rate Area (TRA) Allocations: TRA 104100
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda

Agency Code	Agency	TRA 104100
AB01 GA01	San Bernardino County General Fund	0.15482052
AB02 GA01	Educational Revenue Augmentation Fund (ERAF)	0.23444772
BF03 GA01	Flood Control Zone 3	0.02710240
BF08 GA01	Flood Control District, Administration, Zones 3-6	0.00093623
BL01 GA01	San Bernardino County Free Library	0.01499019
BS01 GA01	County Superintendent of Schools, Countywide	0.00531252
BS01 GA03	County Superintendent of Schools, Physically Handicapped	0.00209036
BS01 GA05	County Superintendent of Schools, Development Center	0.00054799
SC54 GA01	San Bernardino Community College	0.05441154
SU48 GA01	Redlands Unified School District	0.31987572
UF01 GA01	San Bernardino County Fire Protect District - Valley Service Area	0.12584842
UF01 GA05	San Bernardino County Fire Protect District - SBCFPD-ADMIN	0.02779762
WR04 GL01	Inland Empire Joint Resource Conservation District	0.00202692
WT01 GL01	San Bernardino Valley Water Conservation District	0.00178788
WU23 GA01	San Bernardino Valley Municipal Water	<u>0.02800397</u>
	Total	1.00000000

Note: 1. The property tax allocations affected by the annexation are shown in bold print.

Sources: Stanley R. Hoffman Associates, Inc.

San Bernardino County Auditor-Controller, Property Tax Division, 10/31/13

Table B-5
Tax Rate Area (TRA) Allocations upon Annexation
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda

Property Tax Recipient ¹	Tax Rate Area Allocations ²			
	Prior to Annexation		Upon Annexation ³	
	San Bernardino County General Fund	San Bernardino County Funds/ Districts	San Bernardino County General Fund	City of Loma Linda
General Fund	0.1548		0.1729	0.1355
San Bernardino County Fire Protection District - Valley Service Area		0.1258		
San Bernardino County Fire Protection District - Administration		<u>0.0278</u>		
Total	0.1548	0.1536	0.1729	0.1355

Note: 1. Only the property tax allocations for the funds analyzed in this report are presented in this table, as shown in bold in Appendix Table B-4.

2. Tax rate allocations are adjusted for the shift to the Education Realignment Augmentation Fund (ERAF).

3. Although a Master Property Tax Exchange Agreement does not exist between the City of Loma Linda and the County of San Bernardino, the tax rate allocation for the City of San Bernardino is based on a formula provided by LAFCO. Upon annexation, the City will receive the allocations for the detaching districts, adjusted by 50 percent of the difference when the total of the average historic City allocation of 0.1175 is subtracted from the total of the detaching districts. The formula for the City upon annexation is: $0.1536 - ((0.1536 - 0.1175)/2)$. Therefore, 0.1355 of the one percent levy will be transferred to the City General Fund upon annexation. The formula for the County upon annexation is: $0.1536 + ((0.1536 - 0.1175)/2)$. Therefore, the County General Fund will receive 0.1729 of the basic one percent levy upon annexation.

Sources: Stanley R. Hoffman Associates, Inc.

San Bernardino County Auditor-Controller, Property Tax Division, TRA Allocation Percentage Allocation

San Bernardino County Local Agency Formation Commission (LAFCO)

Table B-6
Estimated Vehicle License Fees (VLF) - Property Tax In Lieu Factor
Citrus Lane Annexation Area Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Category	Fiscal Year		Change
	2004-2005	2013-2014	
A. Nominal Dollars			
VLF - Property Tax In Lieu	\$1,191,535	\$1,645,000	\$453,465
Assessed Valuation (AV)	\$1,145,639,299	\$1,613,801,170	\$468,161,871
B. Percent Change Consumer Price Index (January 2014 over 2005)	195.40	239.86	1.23
C. Constant 2014 Dollars			
VLF - Property Tax In Lieu	\$1,465,588	\$1,645,000	\$179,412
Assessed Valuation (AV)	\$1,409,136,338	\$1,613,801,170	\$204,664,832
VLF Increase divided by AV			0.000877
VLF Increase per \$1,000,000 increase in AV			\$877

Sources: Stanley R. Hoffman Associates, Inc.
State Controller's Office, Division of Accounting and Reporting, *Revenue and Taxation Code Section 97.70©1(B)(i) Vehicle License Fee Adjustment Amounts, 2004/2005*
City of Loma Linda, *Fiscal Year 2014/2015 Adopted Budget*
San Bernardino County, *2013 Assessment Roll*
Bureau of Labor Statistics (BLS), *Consumer Price Index-All Urban Customers, Los Angeles-Riverside-Orange County, CA, Annual CPI, 2014*

Table B-7
Estimated Annual Residential Turnover
Citrus Lane Annexation Area
Plan for Service and Fiscal Analysis, City of Loma Linda

City of Loma Linda	Occupied Housing Units	Percent Turnover
Total Owner Occupied Units	8,518	
Moved in 2010 or later	1,591	
Moved in 2000 to 2009	5,125	
Total Moved 2000 to 2010	6,716	
Annual Turnover Rate: 2000 to 2012 ¹	560	7%

Note: 1. The annual turnover rate is based on the assumption of twelve years for the 2000 to 2012 period.

Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, *2008-2012 American Community Survey (ACS) 5-Year Estimates, Tenure by Year Householder Moved Into Unit, Report DP04*

Table B-8
Calculation of Use Tax Factor
Citrus Lane Annexation Area Plan for Service and Fiscal Analysis
City of Loma Linda

City of Loma Linda		Amount
<u>Use Tax</u>		
County Pool		\$380,291
State Pool		<u>2,104</u>
Total Use Tax		\$382,395
		<i>divided by</i>
<u>Point-of-Sale</u>		\$3,411,198
		<i>equals</i>
Use Tax Rate		11.2%

Note: 1. The use tax rate is the County Pool plus the State Pool divided by point-of-sale taxable sales tax.

Sources: Stanley R. Hoffman Associates, Inc.
The HdL Companies, *Sales Tax Allocation Totals, Calendar Year 2013*

Table B-9
General Fund Net Community Development and Public Works Cost Factors
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Category	Amount
A. COMMUNITY DEVELOPMENT	
<u>Community Development Costs</u>	\$1,033,000
	<i>minus</i>
<u>One-Time Processing Fees/Permits</u>	
Building Permits	\$623,500
Fire Plan Check	53,700
Code Violations	6,200
Planning Fees	282,800
Environmental Impact	2,000
Project Plans/Specific Plans	<u>3,500</u>
Total One-Time Revenues	\$971,700
	<i>equals</i>
<u>Recurring Net Community Development Costs</u>	\$61,300
	<i>divided by</i>
Service Population ¹	35,073
	<i>equals</i>
<u>Citywide Net Cost Factor per Service Population for Community Development</u>	\$1.75
 B. OTHER PUBLIC WORKS ²	
<u>Other Public Works Costs</u>	
Traffic Safety	\$173,200
Engineering	\$117,300
Facilities Maintenance	<u>\$236,300</u>
Total Costs	\$526,800
	<i>minus</i>
<u>One-Time Processing Fees/Permits</u>	
Public Works - Miscellaneous Permits	\$7,000
Engineering Inspection	\$415,900
Engineering Plan Check	<u>45,800</u>
Total One-Time Revenues	\$468,700
	<i>equals</i>
<u>Recurring Net Other Public Works Costs</u>	\$58,100
	<i>divided by</i>
Service Population ¹	35,073
	<i>equals</i>
<u>Citywide Net Cost Factor per Service Population for Other Public Works</u>	\$1.66

Note: 1. For fiscal factors that are based on population and employment, an estimated service population factor is applied, which represents the City's resident population, plus 50 percent of the estimated employment from outside the City and 50 percent of daily students and visitors to the City, as shown in Table 6-1.

2. Public works costs for street maintenance, refuse and recycling and park maintenance are projected separately, as shown in Table 6-3.

Sources: Stanley R. Hoffman Associates, Inc.
City of Loma Linda, *Fiscal Year 2014-2015 Adopted Budget*

Table B-10
Estimated Annual Street Maintenance Cost Factor
Citrus Lane Project Plan for Service and Fiscal Analysis
City of Loma Linda
(In Constant 2014 Dollars)

Category	Amount
2011 Slurry Seal and Overlay Maintenance Cost per Mile ¹	\$70,000
<i>divided by</i>	
Frequency of Maintenance ²	10
<i>equals</i>	
2011 Estimated Annualized Slurry Seal and Overlay Costs per Lineal Mile	\$7,000
<i>plus</i>	
Adjustment to Current Dollars by City Staff	\$600
<i>equals</i>	
Estimated Annualized Slurry Seal and Overlay Costs per Lineal Mile	\$7,600

Note: 1. Based on information from City public works' staff, in 2010-2011 the City spent about \$200,000 on overlay and slurry seal for about 3 miles of streets, which was about \$70,000 per mile.

2. Based on discussion with City staff, a 10-year cycle was used to estimate annual overlay and slurry seal costs. Based on the maintenance costs of \$70,000, the 2010-2011 annual costs were projected at \$7,000 per mile, and are adjusted to current dollars of \$7,600 per lineal mile by City staff based on the increase in construction costs from Engineering News Record over the period.

Sources: Stanley R. Hoffman Associates, Inc.
Loma Linda Public Works Department, Jeff Peterson, Associate Engineer

APPENDIX C PROJECT REFERENCES

CITY OF LOMA LINDA

25541 Barton Road
Loma Linda, CA 92354

Administration

Jarb Thaipejr, City Manager, 909.799.2810

City Clerk

Pamela Byrnes-O'Camb, City Clerk, 909.799.2819
Barbara Nicholson, HR Analyst/Deputy City Clerk, 909.799.2814

Community Development Department

Konrad Bolowich, Assistant City Manager, 909.799.2895
Guillermo Arreola, Associate Planner 909.799.2839
Allan Penaflorida, Assistant Planner, 909.799.2839

Finance Department

Diana DeAnda, Director/City Treasurer, 909.799.2840

Fire Department

Jeff Bender, Fire Chief, 909.799.2852

Public Works Department

Jeff Peterson, Associate Engineer, 909.799.4407

COUNTY OF SAN BERNARDINO

Local Agency Formation Commission

215 North D Street
San Bernardino, CA 92415-0490
909.383.9900
Kathleen Rollings-McDonald, Executive Director
Samuel Martinez, Analyst

CONSULTANT

Lilburn Corporation

1905 Business Center Drive
San Bernardino, CA 92408
909.890.1818

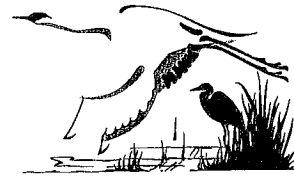
Cheryl Tubbs, Vice President, 909.890.1818, extension 232
Natalie P. Patty, Senior Environmental Analyst, 909.890.1818, extension 238

**Response from Tom Dodson and
Associates including the City of Loma
Linda's City's Recirculated Initial Study
and Mitigated Negative Declaration for the
Citrus Lane Project**

Attachment 3

TOM DODSON & ASSOCIATES

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



July 6, 2015

RECEIVED
JUL 07 2015

Ms. Kathleen Rollings-McDonald
Executive Officer
Local Agency Formation Commission
215 North D Street, Suite 204
San Bernardino, CA 92415-0490

LAFCO
San Bernardino County

Dear Kathy:

LAFCO 3182 consists of a proposal that includes annexation of approximately 20 acres to the City of Loma Linda. The specific action before the Local Agency Formation Commission (LAFCO) consists of a Reorganization to include the City of Loma Linda Annexation and Detachments from the San Bernardino County Fire Protection District and its Valley Zone and County Service Area 70. The proposed reorganization area encompasses approximately 20 acres, generally bordered by Citrus Avenue on the north; parcel lines on the east; Orange Avenue on the south; and California Street on the west. This site is located within the City of Loma Linda's eastern sphere of influence. The area proposed for reorganization is proposed to be developed with residential uses. If the Commission approves LAFCO 3182, the project site can move forward with its development through the City of Loma Linda.

The City of Loma Linda prepared an Initial Study and adopted a Mitigated Negative Declaration (MND) for this project. This document addressed the whole of the project which consisted of the following actions/entitlements: General Plan Amendment (GPA 14-075); Pre-Zone (ZMA 14-076); Annexation (ANX 14-074) and Tentative Tract Map (TTM 14-073). One portion of the site will be developed with 35 single-family residences (for immediate development). The second portion of the site will be zone for General Business (C-2), but no specific development is being proposed this site at this time. The Notice of Determination for this action was filed for this Mitigated Negative Declaration (MND) on June 24, 2015

As indicated, the City prepared an Initial Study which concluded that implementation of the proposed actions, including construction of 35 single family homes, would not result in significant adverse environmental impacts to the environment and identified several mitigation measures that must be implemented. None of the measures is the responsibility of the Commission. Therefore, I am recommending that the Commission consider the adopted MND as a CEQA Responsible Agency as the appropriate CEQA environmental determination for LAFCO 3182.

Based on a review of LAFCO 3182 and the pertinent sections of CEQA and the State CEQA Guidelines, I believe it is appropriate for the Commission's CEQA environmental determination to cite the City's MND as adequate documentation in accordance with the Commission's CEQA

Responsible Agency status. The CEQA review process was carried out in 2015, and based on a field review and review of the environmental issues in the City's document, no substantial changes in circumstances have occurred since its adoption that would require additional environmental documentation. Under this situation, I recommend that the Commission take the following steps if it chooses to approve LAFCO 3182, acting as a CEQA Responsible Agency:

1. Indicate that the Commission staff and environmental consultant have independently reviewed the City's Initial Study and Mitigated Negative Declaration and found them adequate for the reorganization proposal contained in LAFCO 3182.
2. The Commission needs to indicate that it has considered the Mitigated Negative Declaration and environmental effects, as outlined in the Initial Study, prior to reaching a decision on the project and finds the information substantiating the Mitigated Negative Declaration adequate for approval of the reorganization proposal contained in LAFCO 3182.
3. The Commission should indicate that it does not intend to adopt alternatives or mitigation measures for this project. The mitigation measures required for this project will remain the responsibility of the City to implement.
4. File a new Notice of Determination with the County Clerk of the Board acting as a CEQA Responsible Agency.

If you have any questions regarding these recommendations, please feel free to give me a call.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom Dodson".

Tom Dodson



DATE FILED & POSTED

Posted On: 6/24/15

Removed On: 8/5/15

Receipt No: 36-2015-4

NOTICE OF DETERMINATION

TO: X Clerk of the Board of Supervisors
County Clerk, County of San
Bernardino
Office of Planning and Research (If
the project requires state approval)
1400 Tenth Street
Sacramento, CA 95814

FROM: City of Loma Linda
Community Develop. Depart.
25541 Barton Road.
Loma Linda, CA 92354

SUBJECT: Filing of Notice of Determination in Compliance with Section 21152 of the Public Resources Code.

Project Title: Citrus Lane Development

State Clearinghouse Number: 2014121013

Project Location: The subject site is located within the County of San Bernardino and Loma Linda's Sphere of Influence, on the east side of California Street, between Orange Street and Citrus Street, Loma Linda, San Bernardino County. The site is comprised of two properties referred to as the Bell property, and the Ramirez property; the properties are described as APNs 0292-161-01, 11 and 0292-161-08, 12.

Project Description: GENERAL PLAN AMENDMENT (GPA 14-075), PRE-ZONE (ZMA 14-076); ANNEXATION (ANX 14-074), TENTATIVE TRACT MAP (TTM 14-073) AND CERTIFICATE OF APPROPRIATENESS - The Project Proponent is requesting approval of: 1) a General Plan Amendment (GPA) to change the existing City of Loma Linda General Plan designation from Business Park to Low Density Residential for the Bell Property (APN 0292-161-01, 11); 2) a Pre-Zone application to establish the Single Family Residence (R-1) Zone designation for the Bell property, and General Business (C-2) Zone designation for the Ramirez property (APN 0292-161-08, 12); 3) an Annexation application to annex the entire Project Site (both properties) into the City of Loma Linda for water and sewer service; 4) approval of a Tentative Tract Map (TTM) to subdivide the approximate 9.5-acre Bell property into 35 single-family residential lots, ranging in size from 7,215 to 11,442 square feet, and four common lettered lots; and 5) approval of a Certificate of Appropriateness to relocate the Eli C. Curtis House to the Loma Linda Heritage Park.

This is to certify that the City of Loma Linda City Council approved the above described project on June 23, 2015, and made the following determinations:

1. The project will X will not have a significant effect on the environment.
2. An Environmental Impact Report was prepared and certified for this project pursuant to the provisions of CEQA and reflects the independent judgment of the Lead Agency.
 A Negative Declaration was prepared for this project pursuant to the provisions of CEQA and reflects the independent judgment of the Lead Agency.
X A Mitigated Negative Declaration (MND) was prepared for GPA 14-075, Pre-Zone ZMA 14-076, and TTM 14-073, and a Certificate of Appropriateness, pursuant to the provisions of CEQA and reflects the independent judgment of the Lead Agency.
3. Mitigation measures X were were not made a condition of the approval of the project.
4. A Statement of Overriding Considerations was X was not adopted for this project.
5. Findings were X were not made pursuant to the provisions of CEQA.
6. The location and custodian of the documents which comprise the record of proceedings for the Final EIR (with comments and responses) or Mitigated Negative Declaration are specified as follows:

Custodian: City of Loma Linda, Community Development Department
Location: 25541 Barton Road, Loma Linda, CA 92354

Date

6/23/15

Guillermo Arreola, Associate Planner
909-799-2839

CLERK OF THE
BOARD OF SUPERVISORS
2015 JUN 24 PM 4:54
COUNTY OF SAN BERNARDINO
CALIFORNIA

Date Received for Filing

I:\PROJECT FILES\GPA\2014\GPA 14-075 - Citrus Lane\Notices\Notice of Determination.doc

Form "F"

CITY OF LOMA LINDA
ENVIRONMENTAL CHECKLIST FORM
AND INITIAL STUDY

Project Title: GPA, Pre-Zone, Annexation and TTM 18963

Lead Agency Name: City of Loma Linda Community Development Department
Address: 25541 Barton Road
Loma Linda, CA 92354

Contact Person: Guillermo Arreola
Phone Number: (909) 799-2930

Project Sponsor: Stratus Development Partners
Address: 17 Corporate Plaza Drive, Suite 200
Newport Beach, CA 92660

General Plan Designation: Business Park (City of Loma Linda); Multiple Residential (County of San Bernardino)

Zoning: Planned Community (City of Loma Linda); Multiple Residential (County of San Bernardino)

Project Location: The Project Site is composed of two separate properties: 1) the approximate 9.5-acre Bell Property (APN 292-161-01 and 11) located south of Citrus Lane and east of California Street; and 2) the approximate 9.25-acre Ramirez Property (APNs 292-161-08 and 12) located immediately south of the Bell property and north of Orange Avenue and east of California Street. At one time, APN 292-161-11 was a railroad spur; it is currently a legal parcel with no easement associated with it. Both properties are located in the County of San Bernardino unincorporated area of Loma Linda and within the Sphere of Influence of the City of Loma Linda (refer to Figure 1: Regional Location Map and Figure 2: Vicinity Map). The Bell property is developed with an existing orange grove and associated single-family residence and structures (i.e., garage, shed) located at 10997 California Street, and the Ramirez property is developed with an existing orange grove and two single-family residences located at 26520 Orange Avenue and 26596 Orange Avenue.

Project Description:

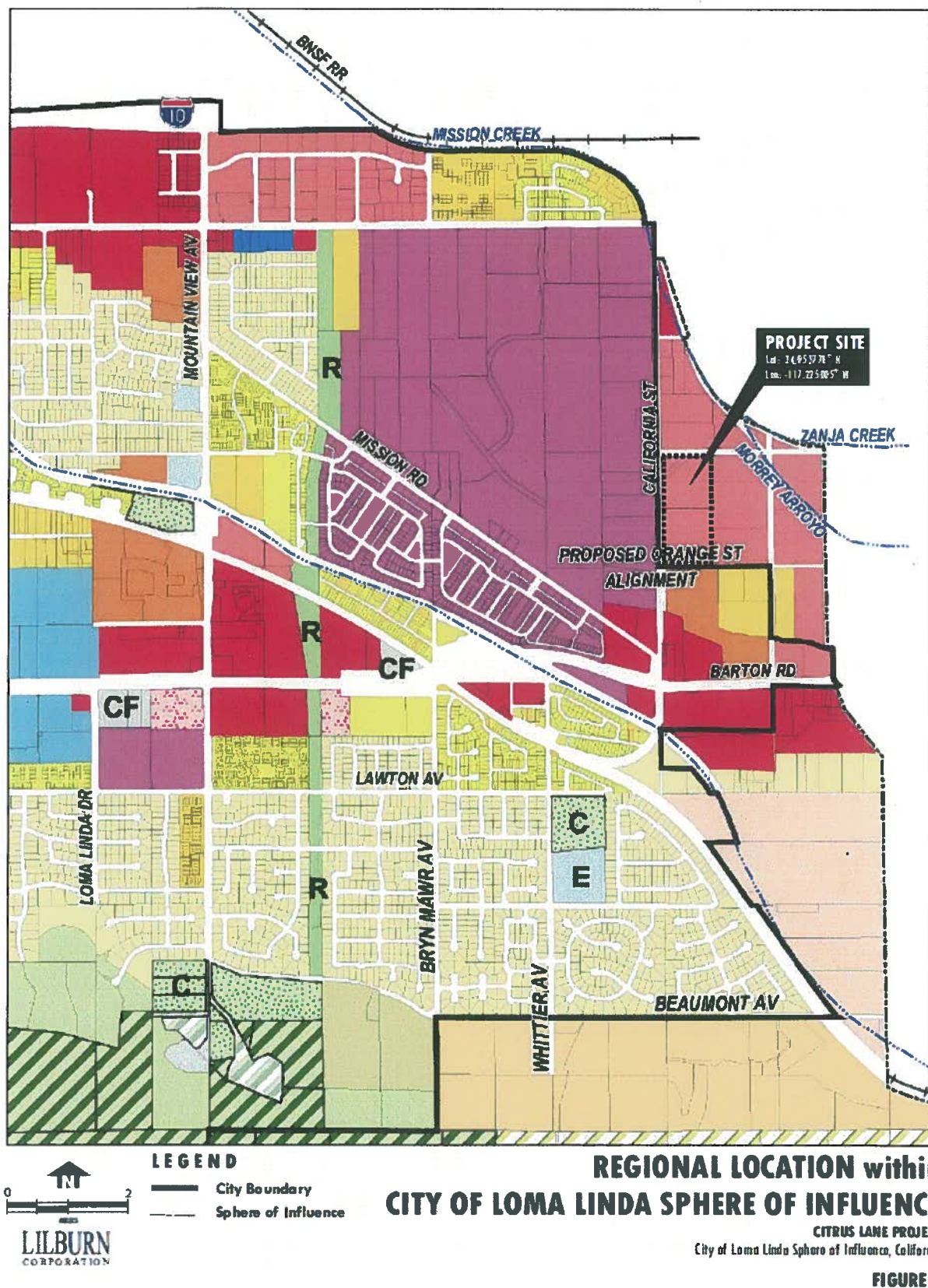
The Project Proponent is requesting approval of: 1) a General Plan Amendment (GPA) to change the existing City of Loma Linda General Plan designation from Business Park to Low Density Residential for the Bell Property; 2) a Pre-Zone application to establish the Single Family Residence (R-1) Zone for the Bell property and the General Business (C-2) Zone for the Ramirez property; 3) an Annexation application to annex the entire Project Site (both properties) into the City of Loma Linda in order to receive city services (e.g., water, sewer etc.); and 4) approval of Tentative Tract Map (TTM) to subdivide the approximate 9.5-acre Bell property into 35 single-family residences and four (4) common lettered lots. The 35 single-family residential lots would range in size from 7,215 square feet to 11,442 square feet (see Figure 3 Site Plan). The Project Site is currently located within the County of San Bernardino and Loma Linda's Sphere of Influence. The Bell property is currently developed with an existing single-family residence and citrus grove. The existing residence, citrus grove, and all related on-site improvements would be removed to allow



REGIONAL LOCATION

CITRUS LANE PROJECT
City of Loma Linda Sphere of Influence, California

FIGURE 1





PROJECT VICINITY
CITRUS LANE PROJECT
City of Loma Linda Sphere of Influence, California

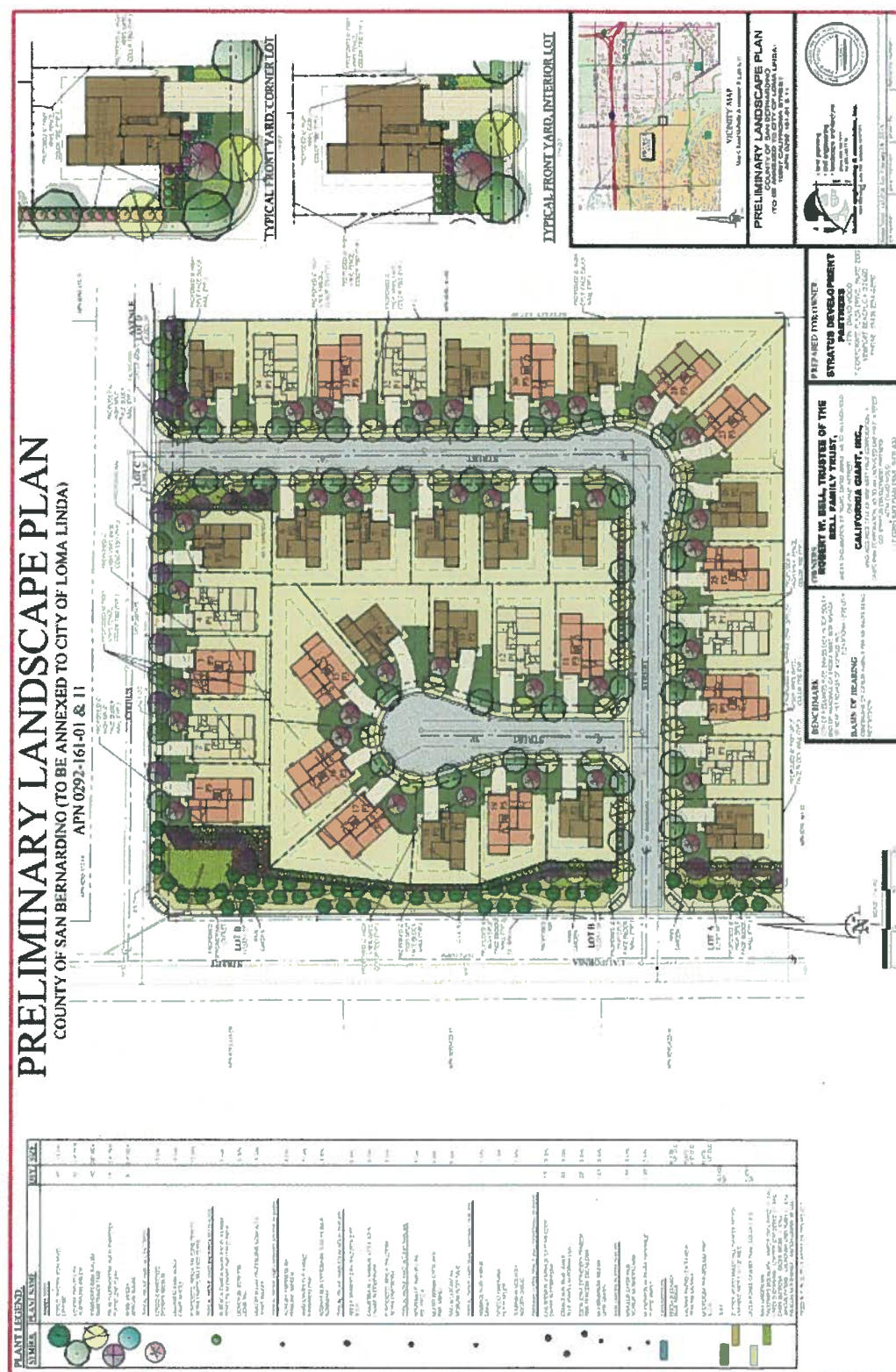
FIGURE 3A



PROJECT VICINITY and PROPOSED SITE PLAN

CITRUS LANE PROJECT
City of Loma Linda Sphere of Influence, California

FIGURE 3B



SITE PLAN
CITRUS LANE PROJECT
City of Loma Linda Sphere of Influence, California
FIGURE 4

for the proposed development. Two points of vehicular access are proposed to serve the development including one along California Street and one along Citrus Avenue. All internal streets within the development have been designed to City of Loma Linda public road standards. Common green space areas have been incorporated along the perimeter of the subdivision to enhance the aesthetics of the community, and to provide an open space amenity for the residents.

No development is proposed for the Ramirez property at this time. The two existing single-family residences would remain on site and would be annexed into the City of Loma Linda. Under the County of San Bernardino General Plan the Ramirez property is currently zoned Multiple Residential. This designation would allow for the development of up to 20 units per acre and a maximum lot coverage of 60 percent. Therefore under this designation, approximately 248,292 square-feet of the site could be developed with buildings and impervious surfaces. If individual structures were to be developed, the Multiple Residential designation has a minimum lot size of 10,000 square feet, and considering the maximum lot coverage of 60 percent, the site could be developed with 24 dwelling units. With an average dwelling unit size of 3,000 square-feet, a total of 72,000 square-feet of building space could be developed on-site. Upon annexation the Ramirez property would be pre-zoned General Business (C-2) and would have a maximum 0.5 floor area ratio (FAR) and therefore could be developed with approximately 124,146 square-feet of building space, or 72% more building space than under the County General Plan zoning.

The Project Site (including both the Ramirez property and the Bell property) currently receives water and fire protection services from the City of Loma Linda. Police protection is currently provided by the County of San Bernardino. Since the City of Loma Linda provides police protection under contract with the County, police services would remain unchanged. Although the existing residences are on septic service, any future development on-site exceeding a density of 1/2-acre per unit would be required to have sewer service, which would be provided by the City of Loma Linda.

Concurrent with the proposed GPA, Pre-Zone Application and TTM filings, an Annexation application will be filed and processed with San Bernardino County Local Agency Formation Commission (LAFCO) to annex the Project Site (including both the Bell property and the Ramirez property) APNs 0292-161-01, 08, 11 and 12 into the City of Loma Linda. Both properties are required to be annexed simultaneously in order to preclude the formation of an island of territory. Both properties are currently adjacent to the City boundary and are required by the City to be annexed in order to receive City services.

Surrounding Land Uses and Setting (Briefly describe the project's surroundings):

The combined properties which compose the Project Site are currently developed with three single-family residences, associated structures (e.g., detached garage, shed) and citrus groves. Surrounding land uses include agriculture (citrus groves) and a church to the north, agriculture (citrus groves) to the east and west, and multiple-family residential development to the south. The area south of the Project Site occurs within the City of Loma Linda and is designated Very High Density Residential. The areas north and east as well as the Project Site are zoned County of San Bernardino Multiple Residential (RM). The area along the west side of California Street, across from the Project Site, occurs within the City of Loma Linda and is zoned Special Planning Area D. This area incorporates the area south of Redlands Boulevard, west of California Street and north of Mission Road and east of the Edison transmission lines. The area is intended for mixed uses including commercial, office, institutional, business and industrial parks, and single-family (and where appropriate multi-family) residential.

Project Background

An Initial Study/Notice of Intent to Adopt a Mitigated Negative Declaration was prepared for the Project and circulated for a 30-day review and comment period which ended on January 6, 2015.

On December 16, 2014, City Staff received correspondence from the Office of Historic Preservation – Department of Parks and Recreation (OHP) regarding the City's intent to adopt a Mitigated Negative Declaration. According to OHP, the Bell and Ramirez properties appear to be part of a larger Historic Vernacular Landscape associated with the citrus industry in San Bernardino County and Southern California. The OHP requested the City to provide additional analysis regarding the Eli C. Curtis residence within the larger historical context to determine if the impacts may be considered significant. They stated that impacts may warrant the preparation of a Focused EIR.

On December 31, 2014, the second State responsible agency to comment was the Department of Conservation (DOC) with regard to the loss of Prime Farmland. The Project Site was ranked as high quality for farmland and the potential impacts were determined to be significant (and documented as such in the Initial Study) based on the State's model. The DOC letter also recommended preparation of a Focused EIR if impacts to Prime Farmland could not be mitigated to less than significant levels.

At the February 2, 2015 Historic Commission meeting, the Commission opened the public hearing regarding the Certificate of Appropriateness and continued the public hearing until they could review the following documents: 1) Environmental Initial Study/Mitigated Negative Declaration; 2) Cultural Resources Investigation Report; 3) Addendum to Cultural Resources Investigation Report; and 4) Existing and Proposed Site Plan.

Staff provided the requested documents for the Commission's consideration, and on April 6, 2015 the Project was reviewed and a Certificate of Appropriateness, implementing the GPA, Pre-Zone, Annexation and TTM was approved.

Other Agency Approvals

Local Agency Formation Commission – (LAFCO) is authorized and mandated by State law as the agency responsible for evaluating and approving annexations to an incorporated city. Subsequent to the initial consideration of an annexation request, a public hearing is held before the LAFCO Board where the annexation proposal is approved, denied, or modified. LAFCO will serve as the "Conducting Authority" for the city boundary changes.

California Regional Water Quality Control Board, Santa Ana Region (RWQCB – Santa Ana Region, General Construction Permit, Storm Water Pollution Prevention Plan (SWPPP) and National Pollutant Discharge Elimination System (NPDES).

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

The environmental factors checked below would be potentially affected by this project.

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Aesthetics | <input checked="" type="checkbox"/> Agriculture Resources | <input checked="" type="checkbox"/> Air Quality |
| <input checked="" type="checkbox"/> Biological Resources | <input checked="" type="checkbox"/> Cultural Resources | <input checked="" type="checkbox"/> Geology /Soils |
| <input checked="" type="checkbox"/> Hazards & Hazardous Materials | <input checked="" type="checkbox"/> Hydrology / Water Quality | <input checked="" type="checkbox"/> Land Use/ Planning |
| <input type="checkbox"/> Mineral Resources | <input checked="" type="checkbox"/> Noise | <input checked="" type="checkbox"/> Population / Housing |
| <input checked="" type="checkbox"/> Public Services | <input type="checkbox"/> Recreation | <input checked="" type="checkbox"/> Transportation/Traffic |
| <input checked="" type="checkbox"/> Utilities / Service Systems | <input type="checkbox"/> Mandatory Findings of Significance | |

DETERMINATION

On the basis of this initial evaluation:

- () I find that the Proposed Project COULD NOT have a significant effect on the environment. A NEGATIVE DECLARATION will be prepared.
- (✓) I find that although the Proposed Project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by, or agreed to, by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- () I find that the Proposed Project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- () I find that the Proposed Project MAY have a "Potentially Significant Impact" or "Potentially Significant Unless Mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standard and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- () I find that although the Proposed Project could have a significant effect on the environment, because all potentially significant effects 1) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and 2) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the Proposed Project, nothing further is required.

Prepared By:  _____

Date: 6/24/15

EVALUATION OF ENVIRONMENTAL IMPACTS

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
1. AESTHETICS. <i>Would the project:</i>				
a) Have a substantial effect on a scenic vista?	()	()	()	(✓)
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a State Scenic Highway?	()	()	(✓)	()
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	()	()	(✓)	()
d) Create a new source of substantial light or glare, which would adversely affect day or nighttime views in the area?	()	(✓)	()	()

Comments

- a) According to the City's General Plan, the Project Site is not within a scenic vista or scenic highway view corridor. The City of Loma Linda's General Plan identifies the hillsides on the south edge of the city as an important scenic backdrop to the city. The guiding policies of the City of Loma Linda General Plan state that new development shall be constructed in a manner that protects against intrusion on the viewshed areas. The San Bernardino Mountains are visible north of the Project Site. Per the proposed project the maximum height of the single-family structures would be no more than two-stories. Under proposed conditions, the San Bernardino Mountains would remain visible and the proposed development on the Bell Property would have less than significant impacts on the existing viewshed of the San Bernardino Mountains. No impacts to scenic resources, including scenic vistas would result.
- b) The Project Site does not occur within a State Scenic Highway. The Ramirez Property is developed within two single-family residences which would remain in place as no development is proposed at this time. The Bell Property is currently developed with an orange grove, single-family residence and associated structures (i.e., detached garage, shed). Proposed development would require removal of all citrus trees and structures. The existing single-family residence on-site has been identified as an important local historical resource which is discussed further in Section 5 Cultural Resources of this Initial Study. Its proposed removal is not considered to have an aesthetic impact as it is not visible from adjacent streets. Impacts are considered less than significant and no mitigation is proposed required.
- c) Removal of the citrus grove would change the existing visual character of the Bell property portion of the site. A meandering walkway that would be landscaped is proposed along the Project's western boundary which is most visible from California Street. The Ramirez Property would remain unchanged under the Proposed Project. The removal of the citrus grove and construction of single-family residences is not

considered a substantial degradation to the existing visual character or quality of the site and its surroundings; less than significant impacts would result.

- d) Upon approval of the Project requested entitlements, the Project Site would be Pre-Zoned and annexed into the City of Loma Linda, a GPA for the Bell property would change the existing City of Loma Linda designation from Business Park to Low Density Residential (R-1), and TTM No. 18963 would be approved. Development of the Ramirez property is not associated with the Proposed Project, however any future development application would be subject to lighting plan approval by the City. Future development adjacent to the Project Site could include residential. To ensure future residential development adjacent to the Project Site is not impacted, the following mitigation measure shall be implemented:

Mitigation Measure 1:

Prior to issuance of grading permits, the applicant shall submit a photometric plan and final lighting plan to City staff showing the exact locations of light poles and the proposed orientation and shielding of all light fixtures to prevent glare onto existing and potential future development to the east, west, north and south of the Project Site.

Issues and Supporting Information Sources:		Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
2. AGRICULTURAL RESOURCES. Would the project:					
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?		()	(✓)	()	()
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?		()	()	()	(✓)
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g), timberland as defined in Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Gov't Code section 51104(g))?		()	()	()	(✓)
d) Result in the loss of forest land or conversion of forest land to non-forest use?		()	()	()	(✓)
e) Involve other changes in the existing environment, which, due to their location or nature, could result in conversion of Farmland to non-agricultural use?		()	(✓)	()	()

Comments

- a,e) The Project Site is mapped within California Department of Conservation Farmland Mapping and Monitoring Program Map "San Bernardino County Important Farmland 2010 Sheet 2 of 2." The Project Site is located on land identified as Prime Farmland. The City of Loma Linda General Plan Conservation and Open Space Element (Figure 9.2, Land Use and Vegetation), identifies the Project Site as agricultural. Implementation of the Proposed Project would remove existing agricultural uses at the site.

In 1982, under Legislative mandate (Government Code § 65570), the State Department of Conservation (DOC) was required to collect and/or acquire data on lands converted to/from agricultural use. The purpose for collecting such information was to provide decision makers with maps and statistical data on the conversion of farmland and grazing land that would assist in the land use planning process. Important Farmland maps are prepared biannually by the DOC Division of Land Resource Protection are heavily based on soil classification data from the U.S.D.A. Natural Resources Conservation Service (NRCS) and water availability determined by the State Department of Water Resources. Utilizing this information, land is classified into one of eight categories (five relating to farming and three associated with nonagricultural purposes) these include: Prime Farmland, Farmland of Statewide Importance, Unique Farmland, Farmland of Local Importance, Grazing Land, Urban and Built-Up Land, and Other Land. According to maps prepared in 2010 (the latest to date) by the California Department of Conservation, Division of Land Resources Protection, Farmland Mapping and Monitoring Program the Project Site is designated as Prime Farmland (San Bernardino County Sheet 2 of 2). Prime Farmland is defined as having the best combination of physical and chemical features able to sustain long-term agricultural production. Said land has the soil quality, growing season, and moisture supply needed to produce sustained high yields. Land must have been used for irrigated agricultural production at some time during the four years prior to the mapping date. The Project Site is designated as Prime Farmland and therefore, implementation of the proposed project would convert Prime Farmland into a non-agricultural use.

Currently approximately eight acres (or 84.2 percent of the site), is occupied by citrus groves. Since the entire site is designated as Prime Farmland, the Proposed Project would affect 9.5 acres or 100 percent of lands designated as Prime Farmland.

According to the United States Department of Agricultural Soil Conservation Service, Soil Survey of San Bernardino County, Southwestern Part, California, on-site soils consists of entirely of San Emigdio fine sandy loam (ScA). Soils are placed in grades according to their suitability for general intensive farming as shown by their Storie Index ratings. The on-site soils are designated as Grade 1 soils indicating that they have a Storie Index rating from 80 to 100. The Storie Index Rating for ScA soils is 100. Soils of Grade 1 are excellent and are well suited to general intensive farming.

California Land Evaluation and Site Assessment – LESA Model

One way to assess the level of impact a project may have on agricultural land in the region is to rate the value of the property through use of the California Agricultural Land Evaluation and Site Assessment (LESA) Model. The California Agricultural LESA Model was formulated as a result of Senate Bill 850 (Chapter 812/1993), which charges the State Resources Agency, in consultation with the Governor's Office of Planning and Research, with developing an amendment to Appendix G of the California Environmental

Quality Act (CEQA) Guidelines concerning agricultural lands. Such an amendment is intended "to provide lead agencies with an optional methodology to ensure that significant effects on the environment of agricultural land conversions are quantitatively and consistently considered in the environmental review process" (Public Resources Code Section 21095).

The LESA model rates the relative quality of land resources based on specific, measurable features, following a point-based approach that quantitatively rates the project impacts on a 100-point scale. This method is generally used for rating the relative value of agricultural land resources. The California Agricultural LESA model comprises analysis at two levels:

- *Land Evaluation* – uses two factors, the USDA Land Capability Classification (LCC) and the Storie Index, to analyze soil-based qualities of land as they relate to agricultural suitability.
- *Site Assessment* - evaluates four factors measuring the social, economic, and geographic attributes that contribute to the overall value of agricultural land. These factors assess a project's size, water resource availability, surrounding agricultural lands, and surrounding protected agricultural lands.

Each of these six factors is separately rated on a 100-point scale. The factors are weighted relative to one another and combined, resulting in a single numeric score for a given project with a maximum attainable score of 100 points. This score becomes the basis for determining the project's potential significance, based upon a range of established scoring thresholds.

Using the LESA model to assess the value of the Proposed Project resulted in a score of 86 points (see Table 1). As identified in the California LESA Model Scoring Thresholds, scores between 60 and 79 are considered to be significant unless either the Land Evaluation (LE) or Site Assessment (SA) sub-score is less than 20 points. As shown in Table 1 below, the LE sub-score was 50 and the SA sub-score was 36. Since the LESA Score is between 80 and 100 points, impacts to agricultural lands from implementation of the proposed project are considered significant.

Table 1
Citrus Lane Annexation
Final LESA Score Sheet

Land Evaluation Factors	Factor Score	Factor Weight	Weighted Factor Scores
Land Capability Classification	100	0.25	25
Storie Index	100	0.25	25
<i>Land Evaluation Subtotal</i>		0.50	50
Site Assessment Factors			
Project Size	100	0.15	15
Water Resource Availability	80	0.15	12
Surrounding Agricultural Land	60	0.15	9
Protected Resource Land	0	0.05	0
<i>Site Assessment Subtotal</i>		0.50	36
Final LESA Score			86

A total of 9.5 acres of farmland would be permanently lost from agricultural production as a result of the Proposed Project. Neither San Bernardino County nor the City of Loma Linda has an established farmland protection program or uniform agricultural conservation banking program to which the project proponent could contribute. According to Farmland Protection Policies and Programs as outlined by the Southern California Association of Governments (SCAG), the San Bernardino County Development Code Section 85.030101 addresses an Agricultural Preserve (AP) Overlay District which includes:

- a) The preservation of agricultural land uses is essential to the economic well-being of the County; and
- b) The Agricultural Preserve (AP) Overlay District is created to protect vital agricultural uses by limiting land use activity to those uses which are compatible and supportive of agricultural and related uses and/or agricultural by-products.

According to San Bernardino County General Plan Land Use Map FH31A, the Project Site does not occur within the AP Overlay District. However, San Bernardino County General Plan goals and policies are intended to protect agricultural lands through the establishment of development policies and land use and zoning designations that direct and control the types of land uses and development that may occur in any given area. Policies from the County of San Bernardino General Plan, Section V – Conservation Element include CO 6.1 through CO 6.4.

Where a significant impact has been identified, mitigation measures should be adopted that attempt to reduce the impact to below a level of significance. CEQA Guidelines define mitigation to include: avoidance, minimization of impacts, restoration of the impacted environment, reduction of impacts through preservation and maintenance operations during the project, and compensation through substitute resources or environments. Mitigation measures are required to be undertaken only where such measures are feasible. Mitigation measures are considered "feasible" only if they can be accomplished in a successful manner within a reasonable period of time, taking into account economic, social, and technological factors.

To ensure potential impacts to Prime Farmland, loss of citrus orchard acreage are reduced to less than significant, the following mitigation measure shall be implemented:

Mitigation Measure 2:

The Project Proponent is required to replace, protect or provide a conservation easement for the loss of 9.5 acres of Prime Farmland. A total of 9.5 acres of prime agricultural land or conservation easement shall be acquired and made available to an existing farmland trust or comparable organization within one year of occupancy of the project site, or a farmland trust or comparable organization shall verify that it has received sufficient funds to acquire prime agricultural land or a conservation easement over such lands.

Mitigation Measure 3:

Within the meandering walkway proposed along the Project's western boundary, the Project Proponent shall install permanent signage or display cases which include historical facts of the area's rich citrus production. In addition to literature, the displays shall also include historic photographs of the plantings, irrigation and harvesting of citrus. To the extent possible, the landscape area within the walkway shall include historic artifacts associated with the production of citrus (e.g. smug pots, irrigation, etc.) as collected from within the Project Site. These artifacts shall be secured to prevent theft.

Implementation of the above mitigation measures would reduce impacts to agricultural resources to a less than significant level.

- b) The Project Site is mapped within the California Department of Conservation, Conservation Program Support map "San Bernardino County South Williamson Act FY 2012/2013." The Project Site is identified as non-enrolled land which indicates that the site is not enrolled in a Williamson Act contract and not mapped by Farmland Mapping & Monitoring Program (FMMP) as urban and built-up land or water. No Williamson Act land occurs at the Project Site or in the vicinity; therefore, no impacts would occur.
- c,d) The Project Site is currently zoned Planned Community in the City of Loma Linda General Plan. Forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production would not be impacted by the Proposed Project as no rezoning from timberland to a non-timberland designation would result. Similarly, the Proposed Project does not involve the conversion of forest land to a non-forest use.

Issues and Supporting Information Sources:		Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
3. AIR QUALITY. <i>Would the project:</i>					
a)	Conflict with or obstruct implementation of the applicable air quality plan?	()	()	()	(✓)
b)	Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	()	()	(✓)	()
c)	Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable Federal or State ambient air quality standard (including releasing emissions, which exceed quantitative thresholds for ozone precursors?	()	()	(✓)	()
d)	Expose sensitive receptors to substantial pollutant concentrations?	()	()	(✓)	()
e)	Create objectionable odors affecting a substantial number of people?	()	()	()	(✓)

- a) The Proposed Project includes: 1) a General Plan Amendment (GPA) for the Bell property to change the existing City of Loma Linda General Plan designation from Business Park to Low Density Residential; 2) a Pre-Zone application to establish the Single Family Residence (R-1) Zone at the Bell Property and the General Business (C-2) Zone at the Ramirez Property; 3) Annexation application to annex the Project Site into the City of Loma Linda for water and sewer service; and 4) approval of Tentative Tract Map (TTM) to subdivide the approximate 9.5-acre Bell Property into 35 single-family residences and four (4) common lettered lots. The Project Site is within the South Coast Air Basin (SCAB) and under the jurisdiction of the South Coast Air Quality Management District (SCAQMD). The SCAQMD is responsible for updating the Air Quality Management Plan (AQMP). The AQMP was developed for the primary purpose of controlling emissions to maintain all federal and state ambient air standards for the district. The change in zone from Business Park to Low Density Residential (35 single-family residential subdivision) is not anticipated to significantly increase local air emissions and therefore would not conflict with or obstruct implementation of the plan. No impact is anticipated.
- b-c) Project Site development and construction was screened using CalEEMod version 2013.2.2 prepared by the SCAQMD. This model is used to generate emissions estimates for land use development projects. The criteria pollutants screened for included: reactive organic gases (ROG), nitrous oxides (NO_x), carbon monoxide (CO), and particulates (PM₁₀ and PM_{2.5}). Two of these, ROG and NO_x, are ozone precursors. Emissions assumptions were based on CalEEMod default values (worst case scenario) for 35 single-family residences. Default values were used for construction activities and for operational emissions related to traffic and energy use; the default values are consistent with the Traffic Impact Analysis, prepared by Kunzman and Associates. The general construction phases include site grading and development. The emission resulting levels reflect the estimated winter season levels, which are normally higher due to atmospheric conditions (marine layer) and increased use of heating systems.

Construction Emissions

Construction earthwork emissions are considered short-term, temporary emissions.

Table 2
Construction Emissions Summary
(Pounds Per Day)

Source/Phase	ROG	NO_x	CO	SO₂	PM₁₀	PM_{2.5}
Demolition	4.6	48.7	37.2	0.0	2.8	2.4
Site Preparation	5.4	57.0	2.3	0.0	21.4	12.9
Grading	3.9	40.5	27.1	0.0	9.0	5.5
Building Construction	3.8	30.5	1.4	0.0	2.3	2.1
Paving	2.2	22.5	15.7	0.0	1.5	1.2
Architectural Coating	25.0	2.4	2.1	0.0	0.2	0.2
Highest Value (lbs/day)	25.0	57.0	37.2	0.0	21.4	12.9
SCAQMD Threshold	75	100	550	150	150	55
Significant	NO	NO	NO	NO	NO	NO

Source: CalEEMod 2013.2.2 Winter
Phases don't overlap and represent the highest concentration.

As shown in Table 2, construction emissions would not exceed SCAQMD thresholds. Impacts would be less than significant. However, the Applicant would be required to comply with SCAQMD rules and regulations 402 and 403 (watering exposed areas, etc.).

Compliance with SCAQMD Rules 402 and 403

The Applicant is required to comply with all applicable SCAQMD rules and regulations as the South Coast Air Basin is in non-attainment status for ozone and suspended particulates (PM₁₀). The project shall comply with, Rules 402 nuisance, and 403 fugitive dust, which require the implementation of Best Available Control Measures (BACM) for each fugitive dust source; and the AQMP, which identifies Best Available Control Technologies (BACT) for area sources and point sources, respectively. This would include, but not be limited to the following BACMs and BACTs:

1. The project proponent shall ensure that any portion of the site to be graded shall be pre-watered prior to the onset of grading activities.
 - (a) The project proponent shall ensure that watering of the site or other soil stabilization method shall be employed on an on-going basis after the initiation of any grading activity on the site. Portions of the site that are actively being graded shall be watered regularly to ensure that a crust is formed on the ground surface, and shall be watered at the end of each workday.
 - (b) The project proponent shall ensure that all disturbed areas are treated to prevent erosion.
 - (c) The project proponent shall ensure that all grading activities are suspended during first and second stage ozone episodes or when winds exceed 25 miles per hour.

Exhaust emissions from construction vehicles and equipment and fugitive dust generated by equipment traveling over exposed surfaces, would increase NO_x and PM₁₀ levels in the area. Although the Proposed Project would not exceed SCAQMD

thresholds during construction, the District will be required to implement the following conditions as required by SCAQMD:

2. To reduce emissions, all equipment used in earthwork must be tuned and maintained to the manufacturer's specification to maximize efficient burning of vehicle fuel.
3. The project proponent shall ensure that construction personnel are informed of ride sharing and transit opportunities.
4. The operator shall maintain and effectively utilize and schedule on-site equipment in order to minimize exhaust emissions from truck idling.
5. The operator shall comply with all existing and future CARB and SCAQMD regulations related to diesel-fueled trucks, which may include among others: (1) meeting more stringent emission standards; (2) retrofitting existing engines with particulate traps; (3) use of low sulfur fuel; and (4) use of alternative fuels or equipment.

Operational Emissions

The operational mobile source emissions were calculated using the default values generated within the CalEEMod model for single-family housing (consistent with the Traffic Impact Analysis, prepared by Kunzman and Associates, July 2014). Trips associated with the project consist of approximately 335 trips per day. Operational emissions associated with the proposed project are listed in Table 3. Future development of the Ramirez property under the Pre-Zone designation could result in approximately 72% more building space than development under the current County General Plan zoning of General Business. Considering the potential future land use changes, a reduced level of operational emissions could result from the Multiple Family designation based on daily trip (tpd) generation rates. The ITE Trip Generation Manual 7th Editions shows the following rates: Apartment low rise is 6.59 tpd per unit; Apartment high rise (more than 10 levels): 4.20 tpd per unit; Condo/Townhouse is 5.86 tpd per unit; Business Park (office, retail and wholesale stores, restaurants, light industrial) is 12.76 trips per 1,000 sq.ft; and General Office Building (Mixture of tenants, Bank, Insurance, broker, etc) is 11.01 trips per 1,000 sq.ft).

Table 3
Operations Emissions Summary
(Pounds Per Day)

Source	ROG	NO _x	CO	SO ₂	PM ₁₀	PM _{2.5}
Area	10.6	0.3	20.5	0.0	2.7	2.7
Energy	0.0	0.3	0.1	0.0	0.0	0.0
Mobile	1.4	4.8	16.3	0.0	2.6	0.7
Total Value (lbs/day)	12.0	5.4	36.9	0.0	5.3	3.4
SCAQMD Threshold	55	55	550	150	150	55
Significant	No	No	No	No	No	No

Source: CalEEMod 2013.2.2 Winter

- d) The Proposed Project includes the development of 35 single-family residences. An increase in air quality emissions produced as a result of construction activities would be short-term, below SCAQMD significance thresholds, and would cease once construction is complete. Dust suppression (i.e., water application) as required by the City's Municipal Code, would reduce 50 to 75 percent of fugitive dust emissions during construction. As shown in Table 3 operational emissions are below SCAQMD thresholds. Therefore, impacts to sensitive receptors are anticipated to be less than significant.
- e) Development of single-family residences is not anticipated to generate emissions that could generate objectionable odors. A less than significant impact is anticipated.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
4. BIOLOGICAL RESOURCES. <i>Would the project:</i>				
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?	()	()	()	(✓)
b) Have a substantial adverse effect on riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations or by the California Department of Fish and Wildlife or US Fish and Wildlife Service?	()	()	()	(✓)
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	()	()	()	(✓)
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	()	()	()	(✓)
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	()	()	(✓)	()
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community conservation Plan, or other approved local, regional, or State habitat conservation plan?	()	()	()	(✓)

- a) Critical habitat identifies specific areas that are essential to the conservation of a listed species and, with respect to areas within the geographic range occupied by the species. Under existing conditions the Project Site that is proposed for development is occupied with a citrus grove and a single-family residence and does not support habitat suitable for sensitive or special status species. Records of observation for sensitive species were retrieved from the California Natural Diversity Data Base (CNDDB) on July 30, 2014 for the San Bernardino South and Redlands USGS 7.5-minute quadrangles. The CNDDB does not report past observations of sensitive species at the Project Site. However, one record for the coast horned lizard (*Phrynosoma blainvilli*) was posted within a one-mile radius of the Project Site. The coast horned lizard is not listed in the state or federal Endangered Species Acts. However, the species is listed as a species of special concern by the California Department of Fish and Wildlife. The proposed 35 single-family residential units would be located on a 9.5-acre site (Bell Property) that is currently developed. Therefore, it is anticipated that no impacts to any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service would result.
- b) Currently the portion of the Project Site that is proposed for development is occupied with a citrus grove and single-family residence and does not support any riparian habitat or other sensitive natural community. The limits of the construction area are contained within the property boundary. No additional infrastructure off-site would be required for site drainage. Surface flows from the area flow north along California Street to an existing culvert, and eventually enter the Mission Zanja Creek ("Zanja"). No impacts would occur to sensitive natural communities identified in local or regional plans, policies regulations, or by the California Department of Fish and Wildlife or United States Fish and Wildlife Service.
- c) The portion of the Project Site that is proposed for development is currently occupied with a citrus grove and contains a single-family residence. During a recent visit to the site in July 2014, no surface waters were observed, including wetlands as defined by Section 404 of the Clean Water Act. Therefore, the Proposed Project would not impact federally-protected wetlands.
- d) The Project Site is located east of California Street, south of Citrus Avenue and north of Orange Avenue and in an area that is predominately developed with citrus groves and also includes scattered commercial, and institutional development (i.e., Mission Elementary School, Heart & Surgical Hospital) within the vicinity. It is unlikely that the Project Site provides an important location relative to regional wildlife movement. Wildlife movement near the site has been restricted by development, including adjacent roadways. Implementation of the Proposed Project would not impact a local or regional wildlife corridor.
- e) The City of Loma Linda Municipal Code Chapter 17.74 "Tree Placement, Landscape Materials, and Tree Removal" outlines local policies and ordinances regulating landscape development. Per the Municipal Code, the proposed removal of trees at the Project Site is not a regulated activity. Per Ordinance 12.74.180 the Applicant has prepared a preliminary landscape plan as part of its Tentative Tract Map application. Implementation of Mitigation Measures 2 and 3, as provided in Section 1 of this Initial Study, would require the Applicant to landscape the rain garden common areas within the Bell Property with citrus trees; reducing impacts to a less than significant level. No

development is proposed for the Ramirez Property at this time, and no removal of trees would result.

- f) The Project Site is not located within an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or State habitat conservation plan. No impacts would occur.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
5. CULTURAL RESOURCES. <i>Would the project:</i>				
a) Cause a substantial adverse change in the significance of a historical resource as defined in § 15064.5?	()	(✓)	()	()
b) Cause a substantial adverse change in the significance of an archeological resource pursuant to § 15064.5?	()	()	(✓)	()
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	()	(✓)	()	()
d) Disturb any human remains, including those interred outside of formal cemeteries?	()	(✓)	()	()

- a) In September 2014, McKenna et al. prepared a Phase I Cultural Resources Investigation of the Project Site. During the investigation numerous historic features were identified and recorded. These included two historic road alignments (California Street and Citrus Avenue); two features associated with the Redlands Dinky Railroad (railroad berm and retaining wall); and four components of the historic Eli C. Curtis and family residential and commercial complex (residence, out building, garage, and orchard/irrigation system). These resources have been recorded on the appropriate California DPR-523 forms and submitted to the San Bernardino County Museum, Archaeological Information Center, for the assignment of reference numbers.

In assessing the significance of these resources, McKenna et al. has determined the roadways do not reflect their original conditions and, in the case of Citrus Avenue, the original alignment. Neither is considered historically significant. The two features associated with the Redlands Dinky Railroad lack integrity and no longer reflect their original design or uses. Despite the contributions of the railroad in the development of the area, the investigation concluded that the retaining wall is not historically significant. The Redlands Central Railway "Dinky" line is considered a locally significant resource for its association with noted individuals (e.g. Henry Fisher) and the events associated with the successful development of the area (rider and commercial traffic). The lack of integrity for the rail line negates the recognition on the basis of construction or engineering design. Excavation in the area of the berm should be monitored for any evidence of buried components that will assist in understanding the mode of construction and/or the association with the adjacent retaining wall.

In completing the cultural resources investigations for the Project, McKenna et al. defined the boundaries of the Project as being limited to the 20+/- acres of proposed annexation acreage and, in more detail, the northern 10+/- acres to be redeveloped as a residential community. At the suggestion of the Office of Historic Preservation, McKenna et al. subsequently researched the extent of the Curtis family holdings in the area and reassessed the specific project area with respect to the larger family holdings. In this case, the Curtis family has been associated with 120 acres of land (60 acres west of California Street and 60 acres east of California Street). These acres were held individually, but worked collectively by the Curtis family, including:

- The William Curtis property (60 acres);
- The Robert T. Curtis property (10 acres);
- The Newell Curtis property (10 acres);
- The Henrietta Curtis/John Furney property (20 acres);
- The Jeremiah Curtis property (10 acres);
- The Eli Curtis property (10 acres)

McKenna et al. has recorded the Curtis property as a whole, encompassing the orchard, irrigation system, and structures, and designated it a pending "district". McKenna et al. had access to a limited number of acres during this investigation and, therefore, the final determination of a "district" will be dependent upon future studies addressing the remaining properties. At this time, McKenna et al. has determined that at least 20 acres of the Curtis family holdings have been subjected to modern redevelopment. Another 70 to 80 acres is currently under cultivation as citrus orchards (58%-66%). Five Curtis family residences remain (two west of California Street and three east of California Street) and an expanse of the original William Curtis property is vacant (no structures and no trees).

Implementation of the Proposed Project would affect the Eli C. Curtis Victorian residence, orchard, and palms on Citrus Avenue. The surrounding roadways are not considered significant resources and the two residences on Orange Avenue would not be impacted. The Citrus Lane project, as currently designed would require removal of the 8+ acres of orchard, the residence and palm trees along Citrus Avenue.

City Staff has determined that all three of these resources are locally significant, both individually and as part of the larger Curtis family holdings, and therefore require some level of protection and/or preservation. Thus to ensure potential impacts to historical resources are reduced, the following mitigation measures shall be implemented:

Mitigation Measure 4

The Project Proponent shall relocate the Eli C. Curtis residence to the Loma Linda Heritage Park and provide a foundation at the new location and ensure the exterior preservation of the structure including new paint, roofing, or other structural elements as needed at the time of relocation.

Mitigation Measure 5

Prior to relocation, a Historic American Buildings Survey (HABS) document to include a standard digital photograph survey shall be completed for the Eli C. Curtis residence and insure the relocation is undertaken in accordance with the Secretary of the Interior guidelines, including setting and orientation.

Mitigation Measure 6:

Architectural drawings shall be prepared prior to relocation activities and the drawings shall be used in the preparation of the foundation at the relocation site. All activities relating to the relocation shall be monitored and documented by a qualified architectural historian, including documenting the relocation site.

Mitigation Measure 7:

The demolition of the garage and out building shall be monitored to ensure adequate documentation and recording of any additional components of the early use of the property.

Mitigation Measure 8:

If, at any time, additional elements of the historic occupation and use of the property is uncovered, this archaeological evidence must be assessed in accordance with current professional standards and guidelines.

Mitigation Measure 9

The Project Proponent shall incorporate palms into the overall design of the proposed project including the installation of palms along Citrus Avenue. The Proponent shall also preserve existing citrus trees in place within the Project Site to the extent feasible and incorporate references to the Curtis family into the project design (e.g. road names).

Mitigation Measure 10:

The Project Proponent shall conduct an archaeological monitoring program during ground altering activities, including the removal of trees, the irrigation system, and during grading of the site.

Mitigation Measure 11:

The Project Proponent shall direct the monitoring towards the protection of any Native American cultural resources that may be uncovered, but also with an emphasis on the grading along the Redlands Central Railway berm and retaining wall.

Mitigation Measure 12:

The Project Proponent shall include a Native American monitor in the overall monitoring program. Given the proximity of the Asistencia, the Native American

monitor shall be either Gabrielino or Serrano. If no Gabrielino or Serrano monitor is available, a representative of the Soboba (Luiseno) may be assigned. The assignment may be at the discretion of the Lead Agency or under contract to the archaeological consultant.

Implementation of the above mitigation measures would ensure potential impacts to historical resources are reduced to a less than significant level.

- b) The project area is associated with a general area known to have been inhabited by Native Americans prior to and during the establishment of the *Asistencia*. As concluded in the Phase I Cultural Resources Investigation, no evidence of Native American cultural resources were found within the project area. However, the general area is still considered highly sensitive for the presence of prehistoric or protohistoric archaeological resources. The property is very close to the *Asistencia* and between the recorded locations of the *Asistencia* and the village of Guachama. Therefore, implementation of Mitigation Measures 4 through 6 as presented above, would ensure potential impacts to prehistoric and protohistoric archaeological resources are reduced to a less than significant level. No additional mitigation is required.
- c) A paleontological overview was prepared by Dr. Samuel McLeod of the Natural History Museum of Los Angeles County. He noted the project area is within an area dominated by younger Quaternary alluvium, primarily derived from the Crafton Hills, and fluvial deposits of the Santa Ana River channel. These deposits are not considered conducive to yielding fossil specimens. The Museum has no record of any fossil localities in this area. The nearest find was to the south, in the San Jacinto Valley. Deep excavation may impact older Quaternary deposits, however, the relative depth of the older deposits in this area are generally below any development impact areas. Paleontological monitoring was only recommended if older deposits are encountered; therefore the following mitigation measure shall be implemented:

Mitigation Measure 13:

In the event older Quaternary alluvial deposits are identified or paleontological resources are unearthed, a qualified paleontologist shall be contacted to determine if reporting the finds is required and if further monitoring during the earthwork is warranted. If, at any time, resources are identified, the paleontologist shall make recommendations to the City of Loma Linda for appropriate mitigation measures in compliance with the guidelines of the California Environmental Quality Act.

Implementation of the above mitigation measure would reduce potential impacts to unknown paleontological resources to a less than significant level.

- d) Construction activities, particularly grading, soil excavation and compaction, could adversely affect unknown buried human remains. The following mitigation measure shall be implemented to reduce potential impacts to less than significant.

Mitigation Measure 14:

If human remains of any kind are found during earthwork activities, all activities must cease immediately and the San Bernardino County Coroner and a qualified

archaeologist must be notified. The Coroner will examine the remains and determine the next appropriate action based on his or her findings. If the coroner determines the remains to be of Native American origin, he or she will notify the Native American Heritage Commission whom will then identify the most likely descendants to be consulted regarding treatment and/or reburial of the remains. If a most likely descendant cannot be identified, or the most likely descendant fails to make a recommendation regarding the treatment of the remains within 48 hours after gaining access to them, the contractor shall rebury the Native American human remains and associated grave goods with appropriate dignity on the property in a location not subject to further subsurface disturbance.

Implementation of the above mitigation measure would ensure potential impacts to unknown human remains would be less than significant.

Issues and Supporting Information Sources:		Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
6. GEOLOGY AND SOILS. <i>Would the project:</i>					
a)	Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i)	Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	()	()	(✓)	()
ii)	Strong seismic ground shaking?	()	()	(✓)	()
iii)	Seismic-related ground failure, including liquefaction?	()	()	(✓)	()
iv)	Landslides?	()	()	()	(✓)
b)	Result in substantial soil erosion or the loss of topsoil?	()	()	(✓)	()
c)	Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	()	()	()	(✓)
d)	Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?	()	()	()	(✓)

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	()	()	()	(✓)

Comment:

- a) The City of Loma Linda is situated within the northern Peninsular Ranges Geomorphic Province of California. Locally, the City lies near the transition zone between the Transverse Ranges Geomorphic Province to the north and the Peninsular Ranges Geomorphic Province to the south. The Peninsular Ranges are a northwest-southeast oriented complex of blocks separated by similarly trending faults which extend 125 miles from the Transverse Ranges to south of the California/Mexican border and beyond another 775 miles to the tip of Baja California.
- i) According to Figure 10.1 of the City of Loma Linda General Plan, the Project Site and immediate surrounding area does not occur within an Alquist-Priolo Earthquake Fault Zone or special study zone. The nearest fault zone is the Loma Linda Fault, approximately one-half mile to the east; the fault is identified as inactive. The nearest known, active earthquake fault is the San Jacinto Fault which is located approximately 1.6 miles to the southwest. While the Banning fault is shown as crossing the site, this fault is generally considered to be inactive. The Redlands fault of the Crafton Hills Fault complex is located approximately 2.8 miles to the southeast; the activity rating of this fault is not known. Other known, active earthquake faults in the region include the San Andreas fault located approximately six miles to the northeast and the Cucamonga fault located approximately 15.5 miles to the northwest. Given the project site's location in relation to these mapped Alquist-Priolo Earthquake Fault Zones, potential impacts are anticipated to be less than significant ((see a)ii below)).
- ii) The San Jacinto Fault Zone, a system of northwest-trending, right-lateral, strike-slip faults is the closest known active fault to the Project Site (occurring approximately 1.6 miles to the southwest), and is considered the most important fault to the site with respect to the hazard of seismic shaking and ground rupture. More significant historic earthquakes have occurred on the San Jacinto fault than any other fault in Southern California. Severe seismic shaking can be expected during the lifetime of the proposed structure. Construction of the 35 single-family residences in accordance with applicable requirements for development within Seismic Zone 4 as listed within the Uniform Building Code would ensure that potential impacts are reduced to the maximum extent possible.
- ii) Liquefaction occurs primarily in saturated, loose, and fine to medium grained soils. Shaking may cause soils meeting these conditions to lose strength and move as liquid. Liquefaction-related effects may include loss of bearing strength, ground oscillations, lateral spreading, and flow failures or slumping. The City of Loma Linda General Plan Figure 10.1 does not identify the Project Site as occurring within a zone that has soils or conditions prone to liquefaction. According to the Geotechnical

Investigation prepared for the Project Site, the potential for liquefaction is considered low and no significant impacts are anticipated.

- iv) The Project Site is relatively flat with a gentle slope toward the northwest. There are no hills or prominent landforms in the immediate vicinity that would be susceptible to landslides seismic-induced settlement or rockfalls. No impacts would occur.
- b) During the development of a portion of the Project Site (Bell Property) which would include disturbance of approximately 9.5 acres, project dust may be generated due to the operation of machinery on-site or due to high winds. Additionally, erosion of soils could occur due to a storm event. The City of Loma Linda requires the preparation of a Water Quality Management Plan (WQMP) for development projects that fall within one of eight project categories established by the RWQCB. According to the San Bernardino County WQMP template, the Proposed Project would require a WQMP because it is considered a significant re-development involving the addition or replacement of 5,000 square feet or more of impervious surface on an already developed site. Refer to the Hydrology and Water Quality section of this Initial Study for a comprehensive discussion. Impacts related to soil erosion are considered less than significant.
- c) The Project Site is located approximately 1.6 miles northeast from the San Jacinto Fault Zone. The Project Site is located outside of the earthquake hazard zone as identified in the City of Loma Linda General Plan. The Project Site is located on a relatively flat parcel and there are no hills or prominent landforms in the immediate vicinity. It is not anticipated that implementation of the Proposed Project would result in soil that would become unstable as a result of the Project or cause off-site landslide, lateral spreading, subsidence, liquefaction or collapse. No impacts are anticipated.
- d) Expansive soils (shrink-swell) are fine grained clay soils generally found in historical floodplains and lakes. Expansive soils are subject to swelling and shrinkage in relation to the amount of moisture present in the soil. Structures built on expansive soils may incur damage due to differential settlement of the soil as expansion and contraction takes place. Information about shrink-swell classes and linear extensibility is available in the Natural Resources Conservation Service (NRCS) soil survey reports. The shrink-swell classification indicates the relative change in volume that may be expected with changes in moisture content that is the extent to which the soil shrinks as it dries out or swells when it gets wet. The extent of shrinking and swelling is influenced by the amount and kind of clay in the soil. A high shrink-swell potential indicates a hazard to maintenance of structures built in/on/or with material having this rating. Moderate to low ratings lessen the hazard. According to the geotechnical report prepared for the Project Site, on-site soils have a very low expansive potential; therefore no impacts related to expansive soils are anticipated.
- e) Upon annexation, the proposed 35 single-family residential lot development would connect to the City's sewer collection system existing in California Street. No septic tanks or alternative wastewater disposal is proposed. The existing two single-family residences located on the Ramirez Property are currently served by septic which would remain in place. No impacts would result.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
7. GREENHOUSE GAS EMISSION. <i>Would the project:</i>	()	()	(✓)	()
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?				
b) Conflict with any applicable plan, policy or regulation of an agency adopted for the purpose of reducing the emissions of greenhouse gases?	()	()	(✓)	()

- a) In September 2006 Governor Schwarzenegger signed Assembly Bill 32, The Global Warming Solutions Act of 2006. The Act requires that by the year 2020, the Greenhouse Gas (GHG) emissions generated in California be reduced to the levels of 1990. However, although thresholds of significance guidelines have been developed; standards or significance thresholds have not yet been adopted by SCAQMD or the California Air Resources Board (CARB).

Per CEQA guidelines, new project emissions are treated as standard emissions, and air quality impacts are evaluated for significance on an air basin or even at a neighborhood level. Greenhouse gas emissions are treated differently as the perspective is global, not local. Therefore, emissions for certain types of projects might not necessarily be considered as new emissions if the project is primarily population driven. Many gases make up the group of pollutants that are believed to contribute to global climate change. However the three gases that are currently evaluated are Carbon dioxide (CO₂) Methane (CH₄) and Nitrous oxide (N₂O). SCAQMD's CalEEMod model was used to determine emissions from GHGs. Model results for GHG emissions related to the development of 35 single-family residences are shown in Tables 4 and 5, construction and operational emissions, respectively. A threshold of 3,000 MTCO₂E per year has been adopted by SCAQMD for determining a project's potential for significant impact to global warming for non-industrial projects (Draft Guidance Document – Interim CEQA Greenhouse Gas (GHG) Significance Threshold, SCAQMD, October 2008).

Table 4
Greenhouse Gas Construction Emissions
MT Per Year

Source/Phase	CO ₂	CH ₄	N ₂ O
Demolition	39.4	0.0	0.0
Site Preparation	19.5	0.0	0.0
Grading	29.9	0.0	0.0
Building Construction	279.8	0.0	0.0
Paving	22.5	0.0	0.0
Architectural Coating	2.9	0.0	0.0
Total in MT Per Year	394.0		
Total CO₂e Per Year	370.5		
SCAQMD Threshold	3,000		
Significant	No		

Source: CalEEMod 2013.2.2 Annual

Table 5
Greenhouse Gas Operational Emissions
"MT Per Year"

Source	CO ₂	CH ₄	N ₂ O
Area	11.4	0.0	0.0
Energy	140.0	0.0	0.0
Mobile	506.0	0.0	0.0
Waste	8.3	0.5	0.0
Water	13.8	0.1	0.0
Total in MT Per Year	679.5		
Total CO₂e Per Year	693.4		
SCAQMD Threshold	3,000		
Significant	N/A		

Source: CalEEMod 2013.2.2 Annual

As shown in Table 4 and Table 5, GHG emissions related to the Proposed Project are not anticipated to exceed the SCAQMD GHG emissions threshold. Therefore, impacts are anticipated to be less than significant.

- b) There are no existing GHG plans, policies, or regulations that have been adopted by CARB or SCAQMD that would apply to this type of emissions source. It is possible that CARB may develop performance standards for Project-related activities prior to Project construction. In this event, these performance standards would be implemented and adhered to, and there would be no conflict with any applicable plan, policy, or regulation; therefore, impacts would be less than significant, and no mitigation would be required.

Issues and Supporting Information Sources:		Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
8. HAZARDS AND WASTE MATERIALS. <i>Would the project:</i>					
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?		()	()	()	(✓)
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident considerations involving the release of hazardous materials into the environment?		()	()	()	(✓)
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within 1/4 mile of an existing or proposed school?		()	()	()	(✓)

Issues and Supporting Information Sources:		Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
d)	Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	()	()	()	(✓)
e)	For a project located within an airport land use plan or, where such a plan has not been adopted, within 2 miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	()	()	()	(✓)
f)	For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	()	()	()	(✓)
g)	Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	()	()	(✓)	()
h)	Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	()	()	()	(✓)

- a) Construction activities would not create a significant hazard to the public or to the environment through the routine transport, use, or disposal of hazardous materials because construction of the expansion would not involve such activities. The uses allowed under the current County designation of Multiple Residential and the City of Loma Linda's existing Business Park and proposed change to Low Density Residential for the Bell Property, and the Pre-Zone of Single Family Residence (R-1) Zone for the Bell property and the General Business (C-2) Zone for the Ramirez property would not increase the potential for transport of hazardous materials. The construction and post-construction operation of 35 single-family residences would not involve the routine transport or use of hazardous materials. No significant impacts would result.
- b) Hazardous or toxic materials transported in association with construction of the single-family units may include items such as oils, paints, and fuels. All materials required during construction would be kept in compliance with State and local regulations. Post-construction activities would include standard maintenance (i.e., lawn upkeep, exterior painting and similar activities) involving the use of commercially available products (e.g., gas, oil, paint) the use of which would not create a significant hazard to the public or the environment through reasonably foreseeable upset and accident release of hazardous materials into the environment. The existing agricultural uses on-site involve the use of chemicals, including pesticides. The results of a limited subsurface

investigation (*Author, date*) showed that levels of pesticides in the on-site soils would not result in a significant hazard to the public. No impacts are anticipated.

- c) The Citrus Valley Christian Academy is located approximately 875 feet north of the Project Site. In addition, Mission Elementary School and Grove High School are located approximately 0.4 miles northwest and 0.4 miles east of the Project Site, respectively. Although the Project Site occurs within ¼ mile of a school, no hazardous materials would be emitted as a result of the construction of the residential units. The storage and use of hazardous materials is not associated with single-family homes; therefore no impacts associated with emission of hazardous or acutely hazardous materials, substances, or waste within ¼-mile of a school are anticipated.
- d) Pursuant to California Government Code Section 65962.5 the California Department of Toxic Substances Control (DTSC) compiles the Cortese List and updates it at least annually. The Cortese List includes hazardous waste facilities subject to corrective action, land designated as hazardous waste property or border zone property, sites included in the abandoned site assessment program, and qualifying sites pursuant to Section 25356 of the Health and Safety Code. A copy of the most recent Cortese List was retrieved from the DTSC EnviroStor online Database on July 30, 2014; the Project Site is not identified on the list. No impacts are anticipated.
- e-f) The San Bernardino International Airport is located approximately 2.5 miles northwest of the Project Site. As identified in the City of Loma Linda General Plan Figure 10-4, which include the Project Site in the City's Sphere of Influence, the Project Site is not located within the Airport Influence Area. Additionally, no private airstrips occur in the vicinity of the Project Site. Implementation of the Proposed Project would not result in a safety hazard associated with an airport or private airstrip.

The City of Loma Linda implements and maintains the City's Emergency Plan as required by State Law. The Plan includes ongoing emergency response coordination with surrounding jurisdictions, including the County of San Bernardino, and a public awareness program on the nature and extent of natural hazards in the Planning Area. Implementation of the Proposed Project would result in the construction of 35 single-family residences. The Proposed site plan includes one access along California Street and one access from Citrus Avenue. Construction would take place within the boundaries of the site. Neither the construction nor post-construction operations would conflict with implementation of the City's Emergency Plan.

- h) The Project Site does not occur within a Fire Hazard Overlay area as indicated on the County of San Bernardino General Plan Hazards Overlay Map FH31C. Upon annexation, the Project Site would transfer from the unincorporated portion of the County of San Bernardino to the City of Loma Linda. The Project Site is currently located within the Sphere of Influence of the City of Loma Linda. The Loma Linda hills and wildland and conservation areas are located approximately one-mile south of the Project Site. Surrounding land uses include citrus groves to the east and south, and to the north and west across Citrus Avenue and California Street, respectively. There are no intermixed wildlands areas within the vicinity. Implementation of the Proposed Project would not expose people or structures to a significant risk of loss, injury or death involving wildland fires; no impacts would occur.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
9. HYDROLOGY AND WATER QUALITY. <i>Would the project:</i>	()	()	(✓)	()
a) Violate any water quality standards or waste discharge requirements?	()	()	(✓)	()
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?	()	()	(✓)	()
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner, which would result in substantial erosion or siltation on- or off-site?	()	()	(✓)	()
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner that would result in flooding on- or off-site?	()	()	(✓)	()
e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	()	()	(✓)	()
f) Otherwise substantially degrade water quality?	()	()	(✓)	()
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	()	()	()	(✓)
h) Place within a 100-year flood hazard area structures, which would impede or redirect flood flows?	()	()	()	(✓)
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	()	()	()	(✓)
j) Inundation by seiche, tsunami, or mudflow?	()	()	()	(✓)

- a) The Proposed Project includes the development of the 9.5-acre Bell property, with 35 single-family residential units with associated access and open space. Rain gardens

in three of the open space lots would provide water quality treatment of streets and parkways. In addition, rain gardens would be provided on each single-family residential lot to provide water quality treatment of storm flows at each lot. Overflow runoff from larger storm events would enter the rain garden in Lot B and exit the site to the northwest under Citrus Avenue via a proposed storm drain and would continue north to the Zanja. Currently there are metal pipes on the east side of California and the project would connect to these pipes and continue as surface flow. No direct connection to the Zanja is proposed.

The Proposed Project would disturb approximately 9.5 acres and therefore would be subject to the National Pollutant Discharge Elimination System (NPDES) permit requirements. The State of California is authorized to administer various aspects of the NPDES. Construction activities covered under the State's General Construction permit include removal of vegetation, grading, excavating, or any other activity that causes the disturbance of one-acre or more. The General Construction permit requires recipients to reduce or eliminate non-storm water discharges into stormwater systems, and to develop and implement a Storm Water Pollution Prevention Plan (SWPPP). The purpose of a SWPPP is to: 1) identify pollutant sources that may affect the quality of discharges of stormwater associated with construction activities; and 2) identify, construct and implement stormwater pollution control measures to reduce pollutants in stormwater discharges from the construction site during and after construction

The RWQCB has issued an area-wide NPDES Storm Water Permit for the County of San Bernardino, the San Bernardino County Flood Control District, and the incorporated cities of San Bernardino County. The City of Loma Linda then requires implementation of measures for a project to comply with the area-wide permit requirements. A SWPPP is based on the principles of Best Management Practices (BMPs) to control and abate pollutants. The SWPPP must include (BMPs) to prevent project-related pollutants from impacting surface waters. These would include, but are not limited to street sweeping of paved roads around the site during construction, and the use of hay bales or sand bags to control erosion during the rainy season. BMPs may also include or require:

- The Project Proponent shall avoid applying materials during periods of rainfall and protect freshly applied materials from runoff until dry.
- All waste to be disposed of in accordance with local, state and federal regulations. The Project Proponent shall contract with a local waste hauler or ensure that waste containers are emptied weekly. Waste containers cannot be washed out on-site.
- All equipment and vehicles to be serviced off-site.

In addition to complying with NPDES requirements, the City of Loma Linda also requires the preparation of a Water Quality Management Plan (WQMP). For development projects that fall within one of eight project categories established by the RWQCB. As discussed in the San Bernardino County Stormwater Program Model Water Quality Management Plan Guidance (as amended June 9, 2005), project proponents for development project that fall into one of eight Permit-specified categories (Category Projects) must develop, submit and implement a WQMP. The Project falls within Permit-Specified Project Category 1, which includes all significant re-development projects and involves significant re-development or replacement of 5,000 square feet or more of

impervious surface on an already developed site. In July 2014, the project proponent submitted a WQMP to the City for review and approval.

As part of the WQMP, all Category projects must identify any hydrologic condition of concern that would be caused by the project, and implement site design, source control, and/or treatment control BMPs to address identified impacts. Since the downstream conveyance channels that would receive runoff from the project are not all engineered, hardened and regularly maintained, hydrologic conditions of concern were identified for the project. To ensure potential impacts are reduced to less than significant, the following mitigation measures, as provided in the WQMP, shall be implemented.

Mitigation Measure 15:

Landscaping at the rain gardens shall include orange trees with meandering river rock formations to reduce water use. All other landscaping shall be with native and drought tolerant trees and shrubs and groundcovers or turf. Wood fiber shall be used in the landscaping design. Plants shall be grounded with similar water requirements in order to reduce excess irrigation runoff and promote surface filtration. Landscaping shall correlate to the climate, soil, related natural resources and existing vegetation of the site, as well as the type of development proposed.

Mitigation Measure 16:

Rain triggered shutoff devices and shutoff devices designed to limit water supply in the event of a broken sprinkler shall be used in the common area landscape design. In addition, irrigation and landscaping shall be coordinated to avoid overspray.

Mitigation Measure 17:

Rain gardens are proposed to treat runoff. Rain garden maintenance shall begin within 30 days of project completion. The owner or a designated landscape maintenance company shall maintain rain gardens in private lots. Home Owner Association (HOA) staff shall maintain rain gardens in common lots. Rain gardens shall be inspected every six months and after major storm events for erosion of banks and bottom, standing water, slope stability, sediment accumulation, and vigor and density of plants.

Mitigation Measure 18:

Homeowners shall be responsible for litter control on private lots. HOA staff shall remove litter from common areas and dispose off-site. Staff or an outside landscape company shall provide litter control services.

Mitigation Measure 19:

The HOA shall schedule an annual seminar and refresher course based on Activity Restrictions which shall be conducted by a designated representative.

Mitigation Measure 20:

The top of all catch basins shall be painted with the following: “No Dumping, Drains to River” sign or equivalent.

Implementation of Mitigation Measures 14 through 19 would ensure potential impacts to water quality are reduced to a less than significant level.

- b) As identified in the County of San Bernardino General Plan and the City of Loma Linda General Plan, the Project Site is not used for groundwater recharge, therefore the Proposed Project would not impact groundwater recharge. In addition, the development of 35 single-family residences would not substantially deplete groundwater supplies.

The Project Site is located within the City of Loma Linda Water Service area as shown in the 2010 Regional Urban Water Management Plan for the San Bernardino Valley. Existing residential units are currently served by the City of Loma Linda Department of Public Works, Water Division, and irrigation water is provided by Bear Valley Municipal Water Company. Upon annexation, the City of Loma Linda would continue to provide domestic water to the site, and irrigation water for a 9.5-acre portion of the Project Site would no longer be required. Irrigation water would continue to be provided by the Bear Valley Mutual Water Company for the 9.25-acre Ramirez Property; resulting in no change in services.

The City obtains all of its water from groundwater wells in the Bunker Hill Basin, an aquifer underlying the San Bernardino Valley. Groundwater in the region includes native water supplies supplemented by imported water to meet approximately 13% to 16% of demands. The City of Loma Linda was a participating agency in development of the 2015 Upper Santa Ana River Watershed Integrated Regional Water Management Plan (IRWM Plan). Resource management activities defined in the Plan, in combination with the integrated goals, objectives, and strategies of the Plan and participating agencies are intended to ensure that the Region's water resources are sustainably managed into the future. The Region's long-term water demands consider the 15 participating agencies' General Plan and/or Urban Water Management Plan scenarios to the year 2035, as required by the November 2012 *IRWM Proposition 84 and 1E Program Guidelines* published by the California Department of Water Resources.

Conversion of a portion of the Project Site's land use from agricultural to residential will result in a slight decrease in overall water demand. With implementation of the water resources management activities defined in the IRWM Plan, the available groundwater supply would be sufficient to meet the long-term water demands of the City including areas within its Sphere of Influence; therefore impacts would be less than significant.

- c-f) Currently the Project Site is developed with three single-family residences and related citrus groves and does not support any natural areas including streams or rivers. The Zanja flood control channel and Morrey Arroyo occur approximately 400 feet northeast of the Project Site. The Tentative Tract Map submitted as part of the project application proposes a 24-inch storm drain near the northwest corner of the Project Site. The storm drain would connect to an existing outlet within California Street. In addition, a series of under-sidewalk drains and a rain garden proposed along the western property boundary adjacent to California Street would collect storm water from the site. Implementation of the Proposed Project would not change the existing drainage pattern in a manner that

would result in erosion, siltation, or flooding either on-site or off-site. The Project Site would continue to drain into the City's storm drain system. The Proposed Project would increase the amount of impervious surfaces within a 9.5-acre portion of the site; however, flows would be maintained on-site and would not result in an impact from increased run-off. Less than significant impacts would result.

- g-h) The Project Site is located on the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map No. 06071C8711H as revised on August 28, 2008. The Project Site is not within a flood hazard zone. The Zanja flood control channel is located just northeast of the project site; the Zanja flood zone as mapped by FEMA extends to a location catty-corner from the property's northeast corner. As identified in the City of Loma Linda General Plan Figure 10.2 the Project Site is located outside of the 500-year floodplain. The Proposed Project would not place housing or structures within a 100-year flood hazard area; therefore, no impacts would occur.
- i) The San Bernardino County Flood Control District covers the entire County (including the incorporated cities), and provides planning, design, construction, and operation of flood control facilities. Storm drain systems have been constructed throughout the City of Loma Linda including portions of unincorporated areas to accommodate both the increased runoff resulting from development and to protect developed areas within the City from potential localized flooding. The San Bernardino County Flood Control District has developed an extensive system of facilities, including dams, conservation basins, channels and storm drains to intercept and convey flood flows away from developed areas. The Zanja flood control channel and Morrey Arroyo occur approximately 400 feet northeast of the Project Site. The Project Site is not located within an inundation zone as identified in the FEMA Flood Insurance Rate Map. Upon annexation and implementation of the Proposed Project, no change to flood control services would result and no exposure of people or structures to a significant risk of loss, injury or death involving flooding would occur.
- j) There are no large bodies of water in the vicinity of the Project Site and therefore no hazards from inundation by seiche, tsunami, or mudflow are anticipated.

Issues and Supporting Information Sources:		Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
10. LAND USE AND PLANNING. <i>Would the project:</i>					
a)	Physically divide an established community?	()	()	()	(✓)
b)	Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, a general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	()	()	()	(✓)
c)	Conflict with any applicable habitat conservation plan or natural community conservation plan?	()	()	()	(✓)

- a,b) The Project Site is currently developed with three single-family residences, associated structures (e.g., detached garage, shed) and citrus groves. Surrounding land uses include agriculture (citrus groves) and a church to the north, agriculture (citrus groves) east and west, and multiple-family residential development to the south. The area south of the Project Site occurs within the City of Loma Linda and is designated Very High Density Residential. The areas north and east as well as the Project Site are zoned by the County of San Bernardino as Multiple Residential (RM). The area along the west side of California Street, across from the Project Site, occurs within the City of Loma Linda and is zoned Special Planning Area D. This area incorporates the area south of Redlands Boulevard, west of California Street and north of Mission Road and east of the Edison transmission lines. The area is intended for mixed uses including commercial, office, institutional, business and industrial parks and single-family and where appropriate multi-family residential.

The Proposed Project includes: 1) a GPA for the Bell property to change the existing City of Loma Linda General Plan designation from Business Park to Low Density Residential for the 9.5-acre Bell Property; 2) a Pre-Zone application to establish the Single Family Residence (R-1) Zone for the Bell Property and the General Business (C-2) Zone for the Ramirez Property; and 3) an Annexation application to annex the entire Project Site (both properties) into the City of Loma Linda. Under the designation of Low Density Residential, proposed development would be consistent with the City of Loma Linda General Plan.

Under the existing County of San Bernardino designation of Multiple Residential, which allows for multiple residential uses, single residential uses and mixed residential uses and compatible nonresidential uses, the Project Site could be developed with a maximum housing density of 14 dwelling units per acre and a minimum lot size of 3,000 square-feet. Under this designation, the Project Site could be developed with approximately 133 dwelling units. Upon annexation into the City of Loma Linda and approval of the GPA, the Proposed Project would be develop at a less intense density, resulting in approximately 98 fewer dwelling units.

Under the County of San Bernardino General Plan the Ramirez property is currently zoned Multiple Residential. This designation would allow for the development of up to 20 units per acre and a maximum lot coverage of 60 percent. Therefore under this designation, approximately 248,292 square-feet of the site could be developed with buildings and impervious surfaces. If individual structures were to be developed, the Multiple Residential designation has a minimum lot size of 10,000 square feet, and considering the maximum lot coverage of 60 percent, the site could be developed with 24 dwelling units. With an average dwelling unit size of 3,000 square-feet, a total of 72,000 square-feet of building space could be developed on-site. Upon annexation the Ramirez property would be pre-zoned General Business (C-2) and would have a maximum 0.5 floor area ratio (FAR) and therefore could be developed with approximately 124,146 square-feet of building space, or 72% more building space than under the County General Plan zoning.

The proposed GPA would be compatible with existing residential development to the south and potential future mixed uses to the west. The properties to the north and east are within the City of Loma Linda's Sphere of Influence and have a land use designation of Business Park. The properties are currently developed with citrus groves. Potential future development could include professional offices, research and light industrial uses.

With appropriate setbacks and developing the site in accordance with the City's Municipal Code, the proposed GPA would be compatible with existing and future development to the north and east. Therefore based on existing surrounding zoning for both the County of San Bernardino and City of Loma Linda general plans, and the proposed GPA and pre-zone, implementation of the Proposed Project would not physically divide any existing or future planned community. In addition, the Project would not conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project. No impacts are anticipated.

- c) The Project Site is not located within an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or State habitat conservation plan. No impacts would occur.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
11. MINERAL RESOURCES. <i>Would the project:</i>				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the State?	()	()	()	(✓)
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	()	()	()	(✓)

- a) According to the California Department of Conservation, Open File Report 94-08 the Project Site and surrounding area are designated Mineral Resource Zone 3 (MRZ-3). The MRZ-3 designation indicates that significance of mineral deposits within the area cannot be evaluated from the available data due to urbanization. The Proposed Project would not result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the State because the Project Site occurs within an urbanized area and is already developed thereby limiting potential accessibility for future mining. No impacts would result.
- b) Implementation of the Proposed Project would not result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan. According to the California Department of Conservation's interactive mines on-line map, the nearest active mine is a sand and gravel pit approximately four miles northwest of the site. No locally important mineral resources are identified within the Project Site.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
12. NOISE. <i>Would the project result in:</i>				
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	()	()	(✓)	()
b) Exposure of persons to or generation of excessive ground borne vibration or ground borne noise levels?	()	()	()	(✓)
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	()	()	(✓)	()
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	()	()	(✓)	()
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within 2 miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	()	()	()	(✓)
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	()	()	()	(✓)

a, c-d) Noise can be measured in the form of a decibel (dB), which is a unit for describing the amplitude of sound. The predominant rating scales for noise in the State of California are the Equivalent-Continuous Sound Level (L_{eq}), and the Community Noise Equivalent Level (CNEL), which are both based on the A-weighted decibel (dBA). L_{eq} is defined as the total sound energy of time-varying noise over a sample period. CNEL is defined as the time-varying noise over a 24-hour period, with a weighting factor of 5 dBA applied to the hourly L_{eq} for noises occurring from 7:00 p.m. to 10:00 p.m. (defined as relaxation hours) and 10 dBA applied to events occurring between 10:00 p.m. and 7:00 a.m. defined as sleeping hours). The State of California's Office of Noise Control has established standards and guidelines for acceptable community noise levels based on the CNEL and L_{dn} rating scales. The purpose of these standards and guidelines is to provide a framework for setting local standards for human exposure to noise. Residential development, schools, churches, hospitals, hotels and libraries have a normally acceptable community noise exposure range of 60 dBA CNEL to 70 dBA CNEL.

The Proposed Project includes a General Plan Amendment to change the existing City of Loma Linda General Plan designation from Business Park to Low Density Residential for the Bell Property; a Pre-Zone application to establish the Single Family Residence (R-1) Zone for the Bell property and General Business (C-2) zone for the Ramirez property; an Annexation application to annex the entire Project Site (both properties) into

the City of Loma Linda; and 4) approval of Tentative Tract Map (TTM) to subdivide the approximate 9.5-acre Bell property into 35 single-family residences and four (4) common lettered lots.

Currently the Project Site, if it were developed under the jurisdiction of the County of San Bernardino, it would be required to comply with County of San Bernardino General Plan Noise Element goals, policies and measures. Upon approval of the Project, the site would be annexed into the City of Loma Linda and would be required to comply with the City's General Plan policies and the City's Municipal Code noise standards.

According to the policies of the City's General Plan, when a proposed development could result in an increase of more than 3 dBA ("A-weighted decibel) above the existing background noise, a detailed noise attenuation study prepared by a qualified acoustical engineer is required to determine and incorporate mitigation into project design and implementation. A Noise Impact Analysis for the Proposed Project was prepared by Kunzman Associates, Inc. (August 2014); the report is summarized herein and is available for review at the City of Loma Linda Community Development Department. The report analyzed the potential for project construction noise and operations noise to cause and expose person to, or to generate, noise levels in excess of established City of Loma Linda noise standards and County of San Bernardino standards. Noise generators included in the analysis were construction activities and adjacent roadway traffic.

The nearest sensitive receptors residential units and two churches located approximately 250-300 feet north and northwest of the Project Site.

Construction Noise

Construction activities would generate noise associated with the transport of workers and movement of construction materials to and from the Project Site, from the demolition and ground clearing/excavation, from grading, and from building activities. Unmitigated noise levels could reach 69.4dBAL_{eq} and 71dBAL_{max} ("A-weighted decibel, maximum sound level") at the nearby church. The Municipal Code Section 9.20.070 allows the Project Proponent to file an application with the city manager for a temporary noise waiver from the noise provision in Section 9.20.030 and 9.20.050 of the Development Code. The proposed construction activities would conform to both the City's Municipal Code and the County's standards no significant impacts would result from short term noise generated from construction activities.

Noise Impacts to Off-Site Receptors Due to Project Generated Traffic

Existing and existing plus Project noise levels for each roadway segment analyzed in the traffic study prepared for the Proposed Project (Kunzman Associates, Inc., August 2014) were modeled utilizing the Federal Highway Administration (FHWA) Traffic Noise Prediction Model - FHWA-RD-77-108. Project generated increases in ambient noise levels along affected road segments were then calculated. Existing traffic noise modeling resulted in noise levels ranging between 58.2 and 70.9 dBA Leq at 100 feet from the centerline of the affected road segments; and the existing plus project traffic noise model resulted in noise levels ranging from 58.3 to 70.5 dBA Leq at 100 feet from the affected road segments. The Noise Impact Analysis concluded that vehicle traffic generated by the Proposed Project would not cause an increase in the ambient noise levels above

0.1 dB. Therefore Project generated traffic would not result in substantial increases in ambient noise levels; no impacts would result.

Noise Impacts to the Proposed Project Associated with Future Traffic

Future noise levels along California Street are not expected to exceed 64.5 dBA CNEL at a distance of 100 feet from the centerline. All of the proposed residential lots are situated at least 100 feet from the centerline of California Street. Further, noise levels in the back yard areas proposed nearest to California Street can be expected to be approximately 5 dB lower (59.5 dBA CNEL) due to the attenuation provided by the proposed six-foot high perimeter block wall. New residential construction typically provides at least 20 dB of exterior to interior noise reduction as long as air circulation is provided to allow closed windows and doors. Interior noise levels at the homes located nearest to California Street would not exceed 45 dBA CNEL. The standards identified in the City of Loma Linda General Plan are the same as those identified for the County of San Bernardino.

- b) Construction activities can produce vibration that may be felt by adjacent uses. Primary sources of vibration during construction would be from bulldozers and vibratory rollers. A vibratory roller could produce a peak particle velocity (PPV) of 0.21 inch per second at 25 feet and a large bulldozer could produce up to 0.089 PPV at 25 feet. Use of a vibratory roller within 25 feet of an existing structure, or use of a large bulldozer within 15 feet of an existing building could result in structural damage. However, no impacts would result during development of the Project as the distance to the nearest sensitive receptor is approximately 250 feet north of the Project Site.
- e) The nearest airport to the Project Site is the San Bernardino International Airport. The Project Site falls outside of the 65 dBA noise contour for this airport. Aircraft noise associated with the San Bernardino International Airport is not considered to be a source that contributes to the ambient noise levels on the Project Site. The proposed project would not expose persons residing within the area to excessive noise levels from aircraft. No impacts would result.
- f) There are no private airstrips within the vicinity of the Project Site. The nearest airport is the San Bernardino International Airport located approximately 2.5 miles northwest of the Project Site. Excessive noise levels are not anticipated at the Project Site. No impacts would result.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
13. POPULATION AND HOUSING. <i>Would the project:</i>				
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	()	()	(✓)	()
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?	()	()	(✓)	()
c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	()	()	(✓)	()

- a) The Project Site is located in an unincorporated area of the County of San Bernardino, adjacent to the eastern boundary of the City of Loma Linda and within the City's Sphere of Influence. Under the current County of San Bernardino General Plan the Project Site is designated Multiple Residential. Under this designation, the maximum housing density is 14 dwelling units per acre and a minimum lot size of 3,000 square-feet. Under this designation the 9.5-acre portion of the Project Site could be developed with up to 133 dwelling units and approximately 366 people (based on 2.75 persons per dwelling unit). Under the existing City of Loma Linda General Plan, the Project Site occurs within the City's Sphere of Influence and has a General Plan designation of Business Park and is zoned Planned Community. The Business Park designation allows for professional offices, research and development activities, and light industrial uses.

The Proposed Project includes a GPA for the Bell property to change the existing City of Loma Linda General Plan designation from Business Park to Low Density Residential, and a Pre-Zone application to establish the Single Family Residence (R-1) Zone for the Bell property and General Business (C-2) Zone for the Ramirez Property. The Project also request approval of a TTM to subdivide a 9.5-acre portion of the Project Site (Bell Property) into 35 single-family residences and four (4) common lettered lots. Based on 2.75 persons per household, the proposed development would result in less people (96 verses 366) than the County of San Bernardino General Plan existing land use designation. Although the City of Loma Linda's General Plan designation of Business Park does not account for people residing at the Project Site, it is likely that under this designation new jobs and people commuting to the Project Site could result in people moving to the City. Therefore the addition of 35 single-family homes would not induce a substantial population increase as it is less intense than the County's current designation. In addition, existing infrastructure occurs within the area (i.e., California Street) and no expansion of existing utilities would be required. A less than significant impact would result.

- b) Proposed development within the 9.5-acre portion of the Project Site would require demolition of one single-family residence, associated garage and shed and on-site citrus grove to allow for the proposed development. The existing on-site single-family

residence is currently vacant, and would be replaced with 35 single-family residences. Therefore proposed development would not create a significant impact with the displacement of one unoccupied residence. A less than significant impact would result. A detailed discussion of the residential structure and its local historical value is provided in Section 5 Cultural Resources of this Initial Study.

- c) The Proposed Project would not displace any people, or necessitate the construction of replacement housing elsewhere, because the Project would not displace any currently occupied housing or existing residents. No impacts are anticipated.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
14. PUBLIC SERVICES. <i>Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:</i>				
a) Fire protection?	()	()	(✓)	()
b) Police protection?	()	()	(✓)	()
c) Schools?	()	()	(✓)	()
d) Parks?	()	()	(✓)	()
e) Other public facilities?	()	()	(✓)	()

- a) Fire Protection: Currently, the Project Site is served by the City of Loma Linda Fire Station 251 located at 11325 Loma Linda Drive, approximately 1.8-miles southwest of the Project Site through a joint response/automated aid agreement with the County Fire Department, specifically the San Bernardino County Fire Protection District and its Valley Service Zone. Upon annexation the Project Site would be detached from the Valley Service Zone and would continue to be serviced by the City of Loma Linda. The Community Development Department and the Department of Public Safety enforce fire standards during review of building plans and inspections. The City maintains a joint response/automatic aid agreement with the fire departments in neighboring cities including Colton, Redlands, and San Bernardino. The Department also participates in the California Master Mutual Aid Agreement. The proposed development on a portion of the Project Site would be required to comply with City fire suppression standards and adequate fire access, and pay City-required development fees.

The Proposed Project includes: 1) a GPA to change the existing City of Loma Linda General Plan designation from Business Park to Low Density Residential for the 9.5-acre Bell Property; 2) a Pre-Zone application to establish the Single Family Residence (R-1) Zone for the Bell Property and General Business (C-2) Zone for the Ramirez Property; and 3) an Annexation application to annex the entire Project Site (both properties) into the City of Loma Linda. Under the designation of Low Density

Residential, proposed development would be consistent with the City of Loma Linda General Plan.

Under the existing County of San Bernardino designation of Multiple Residential, which allows for multiple residential uses, single residential uses and mixed residential uses and compatible nonresidential uses, the Project Site could be developed with a maximum housing density of 14 dwelling units per acre and a minimum lot size of 3,000 square-feet. Under this designation, the Project Site could be developed with approximately 133 dwelling units. Upon annexation into the City of Loma Linda and approval of the GPA, the Proposed Project would be develop at a less intense density, resulting in approximately 98 fewer dwelling units.

Since the Project Site is currently served by the City and changes to service would not result upon annexation, impacts to fire response times are anticipated to be less than significant. With an estimated population of 23,600 people, the firefighter to citizen ratio is approximately 1:2,950 (based on 8 firefighters per 24-hour shift). Upon annexation, an addition 96 new residents would be added to the City, this would result in a demand increase of approximately 0.4 percent in total firefighters to maintain the City's current level of service. Under the County's designation, an addition of 133 dwelling units would result in a demand increase of approximately 0.8 percent, which is still considered less than significant, but the Proposed Project would have less of an impact on Fire Services. Therefore, potential impacts are considered less than significant.

- b) Police Protection: Currently, the Project Site is located in the service area of the San Bernardino County Sheriff's Department (SBSD) Central Station. The base of operation is out of the headquarters building located at 655 East Third Street in San Bernardino. The Department provides law enforcement services to the unincorporated areas of the San Bernardino County central valley; the Central Station is also responsible for contract law enforcement in the City of Loma Linda. The station is located approximately six miles from the Project Site.

Upon annexation, police services for the Project Site would be provided by the City of Loma Linda through contract with the SBSB. Since the City of Loma Linda contracts with the SBSB, no substantial change in services would result. The SBSB currently has 12 sworn officers assigned to the City. With an estimated population of 23,600 people, the ratio of officers to citizens is approximately 1:1,967. The proposed development of 35 single-family homes would result in an additional 96 people (based on 2.6 persons per household). The officers to citizen ratio would change from 1:1,967 to 1:1,975 and result in a net change of 0.4 percent. Under the County's designation, an addition of 133 dwelling units would result in a demand increase of approximately 0.6 percent, which is still considered less than significant, but the Proposed Project would have less of an impact on police services. Therefore, potential impacts are considered less than significant. The impact to the SBSB would be less than significant.

- c) Schools: School services for the Project Site are currently provided by the Redlands Unified School District (RUSD). Upon annexation, the Project Site would continue to be served by RUSD. The proposed development of 35 single-family homes would result in an additional 96 people. The City mitigates impacts on school services through the collection of development fees. Under Section 65995 of the California Government Code, school districts may charge development fees to help finance local school services. However, the code prohibits State or local agencies from imposing school

impact fees, dedications, or other requirements in excess of the maximum allowable fee. Collection of school impacts fees as required by the Redlands Unified School District would ensure no significant impacts would result.

- d) Parks: Currently the San Bernardino County - Regional Park Department provides recreational facilities and amenities for the Project Site. However since there are no local or regional park facilities in the annexation area it is likely that current residents in the annexation area use nearby City of Loma Linda park facilities. There are a total of nine regional parks within the system encompassing 7,982 acres. In addition to regional-scale parks, there are a number of community parks within the system. The nearest one to the Project Site services the community of Bloomington, approximately 13 miles northwest of the Project Site. According to the Regional Parks Strategic Master Plan, adopted standards include 2.5 acres of developed parkland per 1,000 population. With an estimated population of 2,088,371, total parkland requirements are 5,221 acres. Therefore the County has an excess of 2,761 acres of parkland. Development of the site under the current County land use designation of Multiple Residential would result in an estimated population of 366 and would require less than one acre (0.9 acres) of developed parkland.

Upon annexation to the City and approval of other proposed entitlements, the Project Site would have a General Plan designation of Low Density Residential and zoned Planned Community. The City of Loma Linda would provide parkland services for the Project Site. At this time, the City owns and administers ten parks. Over 73 acres of parks and open space areas are located within the City, of which 64 acres are developed. The City has adopted a population to parkland acreage ratio of five acres per 1,000 population. With an estimated population of 23,600 people and a total of 64.16 acres of parkland, the City currently has a park ratio of approximately three acres per 1,000 population and therefore, falls short of the park ratio of five acres per 1,000 population. The Proposed Project would generate 96 new residents within the area would require an additional 0.48 acres of parkland, for the City to maintain its policy of five acres of parkland per 1,000 residents. The Proposed Project would contribute to the City's current insufficient parkland acreage. However, the collection of development impacts fees would ensure no significant impacts would result.

- e) Maintenance of Public Facilities: Street lighting service is currently provided by Southern California Edison (SCE) for an existing street light at the intersection of California Street and Citrus Avenue and across from the project site along Orange Avenue. There are no traffic signals along the boundary of the project site.

Upon annexation, the project area will be automatically included into the City of Loma Linda's Street Lighting District. Once the project area is annexed into the City and the Street Lighting District, installation and maintenance of new street lights will be provided by the City. There are no traffic signals planned for the project.

Typically, starting from the first light at the intersection, one street light would be installed every 200 feet. The developer is expected to cover all street light installation costs in addition to maintenance costs for a year. After a year, the City will start maintaining the street lights and will charge an annual assessment fee per single-family unit. No impacts are anticipated.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
15. RECREATION. <i>Would the project:</i>				
a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	()	()	(✓)	()
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	()	()	()	(✓)

- a) Currently the San Bernardino County Regional Park Department provides recreational facilities and amenities for the Project Site. However since there are no local or regional park facilities in the annexation area it is likely that current residents in the annexation area use nearby City of Loma Linda park facilities. There are a total of nine regional parks within the system encompassing 7,982 acres. In addition to regional-scale parks, there are a number of community parks within the system. The nearest one to the Project Site is in the community of Bloomington, approximately 13 miles northwest of the Project Site. According to the Regional Parks Strategic Master Plan, adopted standards include 2.5 acres of developed parkland per 1,000 population. With an estimated population of 2,088,371, total parkland requirements of the County are 5,221 acres. Therefore the County has an excess of 2,761 acres of parkland. Development of the site under the current County land use designation of Multiple Residential would result in an estimated population of 366 and would require less than one acre (0.9 acres) of developed parkland.

Upon annexation to the City and approval of other proposed entitlements, the Project Site would have a General Plan designation of Low Density Residential and zoned Planned Community. The City of Loma Linda would provide parkland services for the Project Site. At this time, the City owns and administers ten parks. Over 73 acres of parks and open space areas are located within the City, of which 64 acres are developed. The City has adopted a population to parkland acreage ratio of five acres per 1,000 population. With an estimated population of 23,600 people and a total of 64.16 acres of parkland, the City currently has a park ratio of approximately three acres per 1,000 population and therefore, falls short of the park ratio of five acres per 1,000 population. The Proposed Project would generate 96 new residents within the area and would require an additional 0.48 acres of parkland for the City to maintain its policy of five acres of parkland per 1,000 residents. The Proposed Project would contribute to the City's current insufficient parkland acreage. However, the collection of development impacts fees would ensure no significant impacts would result

- b) The Proposed Project does not include the construction of recreational facilities. As discussed in response to question (a) above, potential impacts to recreational facilities were determined to be less than significant with mitigation incorporated. Therefore the construction or expansion of recreational facilities would not be required and no significant impacts would result.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
16. TRANSPORTATION/TRAFFIC. <i>Would the project:</i> a) Cause an increase in traffic, which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?	()	(✓)	()	()
b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?	()	(✓)	()	()
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	()	()	()	(✓)
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	()	()	()	(✓)
e) Result in inadequate emergency access?	()	()	()	(✓)
f) Result in inadequate parking capacity?	()	()	()	(✓)
g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?	()	()	()	(✓)

- a-b) The Proposed Project includes the development of 35 single-family residential units. In August 2014, Kunzman Associates, Inc. prepared a Traffic Impact Analysis for the Project. The purpose of this report is to provide an assessment of the traffic impacts resulting from the development of the proposed development and to identify the traffic mitigation measures necessary to maintain the established level of service standard for the elements of the impacted roadway system.

As required by Measure V, or the Growth Management Element of the amended City of Loma Linda General Plan, which is an initiative approved by voters in November 2006, any location where the level of service is below LOS C at the time an application for development is submitted, mitigation measures shall be imposed to ensure that the level of traffic service is maintained.

A series of scoping discussions were conducted with the City of Loma Linda to define the desired analysis locations for the Proposed Project's future analysis years. In addition, the San Bernardino Associated Governments staff was also contacted to discuss the project and its associated travel patterns.

No analysis is required further than five miles from the Project Site. Additionally, the Project does not contribute traffic greater than the freeway threshold volume of 100 two-way peak hour trips to the I-10 Freeway. The project does not contribute traffic greater than the arterial link threshold volume of 50 two-way trips in the peak hours on facilities serving intersections outside of the City of Loma Linda. Existing intersection traffic conditions were established through morning and evening peak hour traffic counts obtained by Kunzman Associates, Inc. from June/October 2013 and July 2014. Project traffic volumes for all future projections were estimated using the manual approach. Trip generation has been based upon rates obtained from the Institute of Transportation Engineers, Trip Generation, 9th Edition, 2012.

The definition of an intersection deficiency has been obtained from the City of Loma Linda General Plan and Measure V. The General Plan and Measure V state that peak hour intersection operations of Level of Service C or better are generally acceptable. The study area intersections currently operate at Level of Service C or better during the peak hours for existing traffic conditions, except for the study area intersection of California Street at Redlands Boulevard that is currently operating at Level of Service E/F during the evening peak hour.

The Proposed Project is projected to generate a total of approximately 333 daily vehicle trips, 27 of which would occur during the morning peak hour and 35 of which would occur during the evening peak hour.

For Opening Year (2016) With Project traffic conditions, the study area intersection of California Street and Redlands Boulevard is projected to operate at acceptable Level of Service consistent with Measure V during the peak hours with improvements. For Year 2035 with Project traffic conditions, the study area intersections of Redlands Boulevard at Citrus Avenue, and California Street at Mission Road are projected to operate at Level of Service D to F during the evening peak hour, without improvements. However with recommended mitigation, the study area intersections are project to operate within acceptable Levels of Service consistent with Measure V during the peak hours for Year 2035 with project traffic conditions.

A traffic signal is project to be warranted for Opening Year 2016 without Project traffic conditions at California Street and Mission Road. Improvements that would eliminate all anticipated roadway operational deficiencies throughout the study area have been identified and incorporated as mitigation herein.

Mitigation Measure 21:

Consistent with Measure V, as mitigation for the potential traffic impacts, the Project Proponent shall contribute toward the cost of necessary study area improvements on a fair share basis either through an adopted traffic impact fee program, or through implementation of the recommended intersection improvements, or in dollar equivalent in lieu mitigation contributions. The Project's fair share of identified intersection costs is \$17,800.

Mitigation Measure 22:

Construct Citrus Avenue from California Street to the east project boundary at its ultimate half-section width including landscaping and parkway improvements in conjunction with development.

Mitigation Measure 23:

Construct California Street from Citrus Avenue to the south project boundary (Bell property) at its ultimate cross-section width including landscaping and parkway improvements in conjunction with development.

Mitigation Measure 24:

On-site traffic signing and striping should be implemented in conjunction with detailed construction plans for the project.

Mitigation Measure 25:

Sight distance at project accesses shall comply with standard California Department of Transportation/City of Loma Linda sight distance standards. The final grading, landscaping, and street improvement plans shall demonstrate that sight distance standards are met. Such plans must be reviewed by the City and approved as consistent with this measure prior to issuance of grading permits.

Implementation of the above mitigation measures would ensure acceptable Levels of Service consistent with Measure V during the peak hours for Year 2035 with Project traffic conditions.

- c) The Project Site is not located within an airport land use plan and is not within two miles of a public airport. The nearest airports are the San Bernardino International Airport, located approximately 2.5 miles northwest of the Project Site. According to Figure 10.4 of the City's General Plan, the Project Site is not located within the San Bernardino International Airport influence area. The proposed 35 single-family residential units would not change air traffic patterns or create a safety hazard to people or aircraft. No impacts would result.
- d-e) The Proposed Project would not create or substantially increase hazardous conditions due to its design. There are no sharp curves, dangerous intersections, or incompatible uses that would interfere with traffic flow or result in inadequate emergency access. Access to the site would be provided at California Street and at Citrus Avenue. The Plan has been reviewed by the City Fire Marshall and design changes have been incorporated as directed. No impacts are anticipated.
- f) Upon annexation, the Project would be required to comply with the City of Loma Linda's Municipal Code which requires the construction of a two-car garage, plus driveway. The Project also has sufficient street parking. No impacts from inadequate parking spaces would result.
- g) An existing bus stop (Omnitrans) is located approximately 1,000 feet south of the Project Site at the intersection of California Street and Barton Road. Currently there are no

designated bike lanes along California Street. Traffic ingress/egress onto adjacent exterior roadways would be provided by a new entry on California Street and a new entry on Citrus Avenue. Both entries would be required to comply with required sighting distances (see Mitigation Measure 26). No impacts to bus patrons or cyclists are anticipated.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
17. UTILITIES AND SERVICE SYSTEMS. <i>Would the project:</i>				
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	()	()	()	(✓)
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	()	()	()	(✓)
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	()	()	()	(✓)
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	()	()	(✓)	()
e) Result in a determination by the wastewater treatment provider, which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	()	()	()	(✓)
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	()	()	(✓)	()
g) Comply with Federal, State, and local statutes and regulations related to solid waste?	()	(✓)	()	()

a,b,e) The City of Loma Linda provides the operation and maintenance of sewer collection facilities for the City and the Sphere of Influence areas. This service is maintained by the City's Department of Public Works, Utilities Division. Sewer line maintenance is administered by the City while wastewater treatment services are administered under provisions in a Joint Powers Agreement (JPA) with the City of San Bernardino. At the San Bernardino Municipal Water Department wastewater facility, wastewater is treated to the secondary level. Effluent is then piped to a tertiary treatment facility, known as the RI/X plant, before being discharged to the Santa Ana River. The City of Loma Linda,

through its agreement with the City of San Bernardino, also participates in the cost of the RI/X plant.

The City of San Bernardino wastewater facility has the capacity to process up to 33 million gallons per day (gpd), of which 7 million gpd is allotted to Loma Linda. Of the 7 million gpd, the City currently uses less than half of the assigned 7 million gpd. According to the Loma Linda's General Plan, the average wastewater flow generated by the City during ultimate build out conditions is projected to be 6.27 million gpd. There would be adequate capacity and allocation for treatment of wastewater flow from the proposed annexation.

The western side of the annexation area borders existing City sewer lines in California Street and Orange Avenue. The developer would be responsible for connecting the proposed development to the City's sewer system. The proposed development would not result in a significant impact on the wastewater treatment facility in the City of San Bernardino or require the expansion of existing sewer facilities. A wastewater collection system fee estimated at \$18,865 would be required by the City of Loma Linda for the 35 new residential units. No significant impacts are anticipated.

- c) The San Bernardino County Flood Control District services the City for local and regional flood control and drainage facilities. The Project Site and surrounding area is currently served by existing storm drains. The County Flood Control District is responsible for flood protection on major streams, water conservation, and storm drain construction. In accordance to the NPDES permit program, the Proposed Project is required to design their storm water collection system to control water pollution by regulating point sources that discharge pollutants into the water. Any improvements to the current drainage system will be determined by the City engineer. Costs for these improvements will be covered by the developer through development impact fees estimated at \$24,570 for the proposed 35 new units.

Although no significant amount of additional stormwater is anticipated, drainage plans would still be reviewed by the City Engineer to ensure the system would have sufficient carrying capacity. The Project also includes the construction of on-site water retention facilities. No significant impacts are anticipated.

- d) The City of Loma Linda provides the production and distribution of water within the City and the Sphere of Influence areas. The City obtains its water from groundwater wells in the Bunker Hill Basin, an aquifer underlying the eastern San Bernardino Valley. The City operates five groundwater wells: Richardson Wells 1, 3, and 4 and Mountain View Wells 3 and 5. These production wells have a combined capacity of 14 million gallons per day. The City also has emergency water connections with the City of San Bernardino as well as the City of Redlands water systems.

In addition to the existing wells, a new water-treatment plant, located on a City of Loma Linda-owned land surrounded by the City of San Bernardino opened in October, 2010. This treatment plant provides Loma Linda's 22,000 water customers with an additional supply of water. Once contaminated by chemicals, Lockheed Martin developed the water-treatment plant on the site to treat the groundwater that was contaminated by its operational facility in the 1960's and 1970's. The new plant is capable of pumping and filtering 4,800 gallons of water per minute or about 6.9 million gallons per day (mgd).

Currently, the City's water resources are sufficient to meet the demand at build out based on the City's current resources and the anticipated new development (see 9.b). The City has the ability to finance and construct required facilities necessary to obtain the water supply to meet planned growth through the collection of development fees.

There are existing water lines along the western and southern edges of the annexation area which are California Street and Orange Avenue, respectively. Development of the site would include connection to existing lines near the project site. Construction plans shall be reviewed by the City Engineer to ensure the design will have sufficient carrying capacity to meet the proposed project. A less than significant impact is anticipated.

- f) The current service provider for collection of solid waste in the annexation area is Republic Services of Southern California.

The City contracts with Republic Services of Southern California to provide solid waste collection services. Solid waste that is not diverted to recycling or composting facilities is transported to the San Timoteo Sanitary Landfill, a County-owned landfill located in the City of Redlands. The San Timoteo Sanitary Landfill is permitted to receive up to 1,000 tons per day, and has an estimated closure date of May, 2016. According to the California Integrated Waste Management Board's estimated solid waste generation rates for residential, the Proposed Project is expected to generate approximately 428 pounds per day (35 dwelling units times 12.23 pounds per household per day) or 0.428 tons per day. Proposed development would not generate a significant amount of additional solid waste into the City's waste stream. The San Timoteo Sanitary Landfill is permitted to receive 1,000 tons per day. Estimated project-generated waste represents approximately 0.0428 percent of the total permitted waste received at the landfill. Impacts to the solid waste collection system would be less than significant.

- g) As required by Assembly Bill 939 (AB939) of the California Integrated Waste Management Act, all cities and counties within the state must divert 50 percent of their waste from landfills by the year 2000. According to tonnage reports, the City has not yet met the 50 percent diversion mandate. Construction & Demolition debris represents a large portion of materials being disposed of at landfills. To achieve the State-mandated diversion goal, the City has implemented a variety of programs that seek to reduce the volume of solid waste generated, encourage reuse, and support recycling efforts. City programs include the distribution of educational materials to local schools and organizations. The City also requires all applicable projects to comply with Resolution No. 2129 Construction and Demolition Recycling/Reuse Policy as adopted by the City Council. Upon annexation the Project would be required to comply with this resolution. To ensure the Proposed Project contributes towards the diversion mandate, the following mitigation measure would be required:

Mitigation Measure 26:

The Project Proponent shall comply with City adopted policies regarding the reduction of construction and demolition (C&D) materials.

Issues and Supporting Information Sources:	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
18. MANDATORY FINDINGS OF SIGNIFICANCE				
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or prehistory?	()	()	()	(✓)
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?	()	()	()	(✓)
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	()	()	(✓)	()

- a) Critical habitat identifies specific areas that are essential to the conservation of a listed species and, with respect to areas within the geographic range occupied by the species. Under existing conditions the Project Site that is proposed for development is occupied with a citrus grove and a single-family residence and does not support habitat suitable for sensitive or special status species. Records of observation for sensitive species were retrieved from the CNDDDB on July 30, 2014 for the San Bernardino South and Redlands USGS 7.5-minute quadrangles. The CNDDDB does not report past observations of sensitive species at the Project Site. However, one record for the coast horned lizard (*Phrynosoma blainvilli*) was posted within a one-mile radius of the Project Site. The coast horned lizard is not listed in the state or federal Endangered Species Acts. However, the species is listed as a species of special concern by the California Department of Fish and Wildlife. The proposed 35 single-family residential units would be located on a 9.5-acre site (Bell Property) that is currently developed. Therefore, it is anticipated that no impacts to any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service would result.

In September 2014, McKenna et al. prepared a Phase I Cultural Resources Investigation of the Project Site. The project area is associated with a general area known to have been inhabited by Native Americans prior to and during the establishment of the *Asistencia*. The *Asistencia* was established in 1819 as a part of the Mission San Gabriel's Rancho San Bernardino. The original *Asistencia* functioned as an outpost for cattle grazing activities. The *Asistencia* buildings can be visited today and are reproductions that were built in the 1930s and are located approximately one mile east

of the original site. As concluded in the Phase I Cultural Resources Investigation, no evidence of Native American cultural resources were found within the project area. However, the general area is still considered highly sensitive for the presence of prehistoric or protohistoric archaeological resources. The property is very close to the *Asistencia* and between the recorded locations of the *Asistencia* and the village of Guachama. Therefore, implementation of Mitigation Measures 4 through 6 as presented in this Initial Study, would ensure potential impacts to prehistoric and protohistoric archaeological resources are reduced to a less than significant level. No additional mitigation is required.

During the cultural investigation numerous historic features were identified and recorded. These included two historic road alignments (California Street and Citrus Avenue); two features associated with the Redlands Dinky Railroad (railroad berm and retaining wall); and four components of the historic Eli C. Curtis and family residential and commercial complex (residence, out building, garage, and orchard/irrigation system).

In assessing the significance of these resources, McKenna et al. has determined the roadways do not reflect their original conditions and, in the case of Citrus Avenue, the original alignment. Neither is considered historically significant. The two features associated with the Redlands Dinky Railroad lack integrity and no longer reflect their original design or uses. Despite the contributions of the railroad in the development of the area, the investigation concluded that the retaining wall is not historically significant.

In completing the cultural resources investigations for the Project, McKenna et al. defined the boundaries of the project as being limited to the 20+/- acres of proposed annexation acreage and, in more detail, the northern 10+/- acres to be redeveloped as a residential community. At the suggestion of the Office of Historic Preservation, McKenna et al. subsequently researched the extent of the Curtis family holdings in the area and reassessed the specific project area with respect to the larger family holdings. In this case, the Curtis family has been associated with 120 acres of land (60 acres west of California Street and 60 acres east of California Street). These acres were held individually, but worked collectively by the Curtis family.

McKenna et al. has recorded the Curtis property as a whole, encompassing the orchard, irrigation system, and structures, and designated it a pending "district". McKenna et al. had access to a limited number of acres during this investigation and, therefore, the final determination of a "district" will be dependent upon future studies addressing the remaining properties. At this time, McKenna et al. stated that at least 20 acres of the Curtis family holdings have been subjected to modern redevelopment. Another 70 to 80 acres is currently under cultivation as citrus orchards (58%-66%). Five Curtis family residences remain (two west of California Street and three east of California Street) and an expanse of the original William Curtis property is vacant (no structures and no trees).

Implementation of the Proposed Project would affect the Eli C. Curtis Victorian residence, orchard, and palms on Citrus Avenue. The surrounding roadways are not considered significant resources and the two residences on Orange Avenue would not be impacted. The Project, as currently designed would require removal of the 8+ acres of orchard, removal of the residence and palm trees. City Staff has determined that all three of these resources are locally significant, both individually and as part of the larger Curtis family holdings. They require some level of protection and/or preservation.

Implementation of Mitigation Measures 4 through 12 would ensure impacts to historic resources are reduced to a less than significant level. No additional mitigation is proposed.

- b) Although not significant on its own, the Project would contribute to cumulative air emissions in the region, as would all future development in the region. The Loma Linda General Plan EIR was prepared to determine if any significant adverse environmental effects would result with implementation of the proposed General Plan including the areas within its Sphere of Influence. The EIR concluded that the General Plan would result in unavoidable significant impacts to air quality, biological resources, water supply, traffic and circulation and open space. Mitigation measures were adopted for each of these resources; however they would not reduce impacts to less than significant levels. As such, the City adopted a statement of overriding considerations to balance the benefits of development under the General Plan against the significant unavoidable adverse impacts (CEQA Guidelines Section 15092 and 15096(h)).

The Proposed Project would contribute to the cumulative loss of agricultural lands within the region. Loma Linda as the Lead Agency has accepted the long time demise of agriculture and does not designate any areas within the City as agricultural, although there are still agricultural land uses within the City and its Sphere of Influence. Mitigation Measure 2, as provided in Section 2 of this Initial Study, would ensure potential impacts to Prime Farmland and the loss of citrus orchard acreage are reduced to a less than significant level. No additional mitigation is warranted.

- c) The Proposed Project would not cause substantial long-term adverse effects on human beings, either directly or indirectly. Short-term construction emissions were screened for the project and found not to exceed SCAQMD thresholds. However, the Applicant would be required to comply with SCAQMD rules and regulations 402 and 403 (watering exposed areas, etc.). The Project Site does not occur on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5, and therefore would not create a significant hazard to the public or the environment.

In addition, construction activities would temporarily increase ambient noise levels for the surrounding area. According to the City's Development Code and County standards, all temporary construction activities are exempt from the noise standards as long as construction activities are limited to the daytime hours (7:00 a.m. to 8:00 p.m.) Monday through Friday, with no heavy construction occurring on weekends or national holidays, and construction equipment is to be properly maintained with working mufflers.

REFERENCES

California Department of Conservation, Farmland Mapping and Monitoring Program. December 2011. *San Bernardino County Important Farmland 2010 Sheet 2 of 2*.

California Department of Conservation, Conservation Program Support. 2013. *San Bernardino County Williamson Act FY 2012/2013 Sheet 2 of 2*.

California Department of Fish and Wildlife, California Natural Diversity Database. Records Search for the Redlands and San Bernardino South Quads in July 2014.

California Department of Toxic Substances Control, Cortese List. Retrieved from Envirostor.dtsc.ca.gov on 7-22-2014.

California Division of Mines and Geology. 1995. Open-File Report 94-08 Mineral Land Classification of a Part of Southwestern San Bernardino County: The San Bernardino Valley Area, California (East).

City of Loma Linda General Plan, 2009

County of San Bernardino General Plan, July 1989, as amended.

Federal Emergency Management Agency Map Service Center. August 28, 2008. *Map Number 06071C8692H*.

Kunzman Associates, Inc., 2014. Tentative Tract Map 18963, Traffic Impact Analysis.

Kunzman Associates, Inc. August, 2014 Tentative Tract Map 18963, Noise Impact Analysis.

LOR Geotechnical Group, Inc., April 25, 2014. Preliminary Geotechnical Investigation, Tentative Tract Map No. 18963, San Bernardino County, California.

Phase I Cultural Resources Investigation for the Proposed Annexation of Parcels 0292-161-01; 0292-161-08, and 0292-161-12, the Citrus Lane Project Area. McKenna et al., March 10, 2015.

MITIGATION MONITORING PROGRAM

Project: GPA, Pre-Zone, Annexation and TTM 18963

Applicant: Stratus Development Partners

Lead Agency: City of Loma Linda

Date: June 24, 2015

Mitigation Measures No. / Implementing Action	Responsible for Monitoring	Monitoring Frequency	Timing of Verification	Method of Verification	Verified Date /Initials
Aesthetics					
<u>Mitigation Measure 1:</u> Prior to issuance of grading permits, the applicant shall submit a photometric plan and final lighting plan to the City staff showing the exact locations of light poles and the proposed orientation and shielding of all light fixtures to prevent glare on existing and potential future development to the east, west, north, and south of the Project Site.	City of Loma Linda Community Development Department	Prior to issuance of grading permits	Upon issuing grading permit	On-site Inspection	
Agricultural Resources					
<u>Mitigation Measure 2:</u> The Project Proponent is required to replace, protect or provide a conservation easement for the loss of 9.5 acres of Prime Farmland. A total of 9.5 acres of prime agricultural land or conservation easement shall be acquired and made available to an existing farmland trust or comparable organization within one year of occupancy of the project site, or a farmland trust or comparable organization shall verify that it has received sufficient funds to acquire prime agricultural land or a conservation easement over such lands.	City of Loma Linda Community Development Department	Prior to issuance of grading permits	Upon issuing grading permit	Document verification	
<u>Mitigation Measure 3:</u> Within the meandering walkway proposed along the Project's western boundary, the Project Proponent shall install permanent signage or display cases which include historical facts of the area's rich citrus production. In addition to literature, the displays shall also include historic photographs of the plantings, irrigation and harvesting of citrus. To the extent possible, the landscape area within the walkway shall include historic artifacts associated with the production of citrus (e.g. smug pots, irrigation, etc.) as collected from within the Project Site. These artifacts shall be secured to prevent theft.	City of Loma Linda Community Development Department	Prior to issuance of grading permits	Upon issuing grading permit and City's final site inspection	On-site Inspection	
Cultural Resources					
<u>Mitigation Measure 4:</u> The Project Proponent shall relocate the Eli C. Curtis residence to the Loma Linda Heritage Park and provide a foundation at the new location and ensure the exterior preservation of the	Applicant/ Contractor; City of Loma Linda Community	Prior to issuance of building relocation	During site inspections	On-site inspections	

Mitigation Measures No. / Implementing Action	Responsible for Monitoring	Monitoring Frequency	Timing of Verification	Method of Verification	Verified Date /Initials
structure including new paint, roofing, or other structural elements as needed at the time of relocation.	Development Department	permits			
<u>Mitigation Measure 5:</u> Prior to relocation, a Historic American Buildings Survey (HABS) document to include a standard digital photograph survey shall be completed for the Eli C. Curtis residence and insure the relocation is undertaken in accordance with the Secretary of the Interior guidelines, including setting and orientation.	Applicant/ Contractor; City of Loma Linda Community Development Department	Prior to relocation of Eli C. Curtis residence	Upon completion and review of HABS document	Report Review and On-site inspections	
<u>Mitigation Measure 6:</u> Architectural drawings shall be prepared prior to relocation activities and the drawings shall be used in the preparation of the foundation at the relocation site. All activities relating to the relocation shall be monitored and documented by a qualified architectural historian, including documenting the relocation site.	Applicant/ Contractor; City of Loma Linda Community Development Department, and Qualified Historian	Prior to issuance of relocation permits & during relocation	During relocation inspections & monitoring	On-site inspections	
<u>Mitigation Measure 7:</u> The demolition of the garage and out building shall be monitored to ensure adequate documentation and recording of any additional components of the early use of the property.	Applicant/ Contractor; City of Loma Linda Community Development Department, and Qualified Archaeologist	Prior to issuance of demolition and grading permits	During ground disturbing activities	On-site inspections and Report Review if required	
<u>Mitigation Measure 8:</u> If, at any time, additional elements of the historic occupation and use of the property is uncovered, this archaeological evidence must be assessed in accordance with current professional standards and guidelines.	Applicant/ Contractor; City of Loma Linda Community Development Department, and Qualified Archaeologist	During ground disturbing activities	During ground disturbing activities	On-site inspection in the event a discovery is made	
<u>Mitigation Measure 9:</u> The Project Proponent shall incorporate palms into the overall design of the proposed project including the installation of palms along Citrus Avenue. The Proponent shall also preserve existing citrus trees in place within the Project Site to the extent feasible and incorporate references to the Curtis family into the project design (e.g. road names).	Applicant/ Contractor; City of Loma Linda Community Development Department	Prior to approval of Landscape Plan and issuance of grading permits	During review of Landscape Plan and at City's final site inspection	On-site inspection	
<u>Mitigation Measure 10:</u> The Project Proponent shall conduct an archaeological monitoring program during ground altering activities, including the removal of trees, the irrigation system, and during grading of the site.	Applicant/ Contractor; City of Loma Linda Community	During ground disturbing activities	During ground disturbing activities	On-site inspection	

Mitigation Measures No. / Implementing Action	Responsible for Monitoring	Monitoring Frequency	Timing of Verification	Method of Verification	Verified Date /Initials
	Development Department, and Qualified Archaeologist				
<u>Mitigation Measure 11:</u> The Project Proponent shall direct the monitoring towards the protection of any Native American cultural resources that may be uncovered, but also with an emphasis on the grading along the Redlands Central Railway berm and retaining wall.	Applicant/ Contractor; City of Loma Linda Community Development Department, and Qualified Archaeologist	During ground disturbing activities	During ground disturbing activities	On-site inspections	
<u>Mitigation Measure 12:</u> The Project Proponent shall include a Native American monitor in the overall monitoring program. Given the proximity of the Asistencia, the Native American monitor shall be either Gabrielino or Serrano. If no Gabrielino or Serrano monitor is available, a representative of the Soboba (Luiseno) may be assigned. The assignment may be at the discretion of the Lead Agency or under contract to the archaeological consultant.	Applicant/ Contractor, County Coroner/ Qualified Archaeologist	During ground disturbing activities	During ground disturbing activities	On-site inspections	
<u>Mitigation Measure 13:</u> In the event older Quaternary alluvial deposits are identified or paleontological resources are unearthed, a qualified paleontologist shall be contacted to determine if reporting the finds is required and if further monitoring during the earthwork is warranted. If, at any time, resources are identified, the paleontologist shall make recommendations to the City of Loma Linda for appropriate mitigation measures in compliance with the guidelines of the California Environmental Quality Act.	Applicant/ Contractor; City of Loma Linda Community Development Department, and Qualified Paleontologist	During ground disturbing activities	During ground disturbing activities	On-site inspection in the event a discovery is made	
<u>Mitigation Measure 14:</u> If human remains of any kind are found during earthwork activities, all activities must cease immediately and the San Bernardino County Coroner and a qualified archaeologist must be notified. The Coroner will examine the remains and determine the next appropriate action based on his or her findings. If the coroner determines the remains to be of Native American origin, he or she will notify the Native American Heritage Commission whom will then identify the most likely descendants to be consulted regarding treatment and/or reburial of the remains. If a most likely descendant cannot be identified, or the most likely descendant fails to make a recommendation regarding the treatment of the remains within 48 hours after	Applicant/ Contractor; City of Loma Linda Community Development Department, and County Coroner	During ground disturbing activities	In the event human remains are found	On-site inspection in the event a discovery is made	

Mitigation Measures No. / Implementing Action	Responsible for Monitoring	Monitoring Frequency	Timing of Verification	Method of Verification	Verified Date /Initials
gaining access to them, the contractor shall rebury the Native American human remains and associated grave goods with appropriate dignity on the property in a location not subject to further subsurface disturbance.					
Hydrology and Water Quality					
<u>Mitigation Measure 15:</u> Landscaping at the rain gardens shall include orange trees with meandering river rock formations to reduce water use. All other landscaping shall be with native and drought tolerant trees and shrubs and groundcovers or turf. Wood fiber shall be used in the landscaping design. Plants shall be grounded with similar water requirements in order to reduce excess irrigation runoff and promote surface filtration. Landscaping shall correlate to the climate, soil, related natural resources and existing vegetation of the site, as well as the type of development proposed.	City of Loma Linda Community Development Department	Prior to approval of Landscape Plan and issuance of grading permits	During review of Landscape Plan	On-site Inspection	
<u>Mitigation Measure 16:</u> Rain triggered shutoff devices and shutoff devices designed to limit water supply in the event of a broken sprinkler shall be used in the common area landscape design. In addition, irrigation and landscaping shall be coordinated to avoid overspray.	City of Loma Linda Community Development Department	Prior to approval of Landscape Plan and issuance of grading permits	During review of Landscape Plan	On-site Inspection	
<u>Mitigation Measure 17:</u> Rain gardens are proposed to treat runoff. Rain garden maintenance shall begin within 30 days of project completion. The owner or a designated landscape maintenance company shall maintain rain gardens in private lots. Home Owner Association (HOA) staff shall maintain rain gardens in common lots. Rain gardens shall be inspected every six months and after major storm events for erosion of banks and bottom, standing water, slope stability, sediment accumulation, and vigor and density of plants.	City of Loma Linda Community Development Department	Prior to approval of Landscape Plan	Prior to issuance of grading permits	Review of HOA Maintenance Documents and On-site Inspection	
<u>Mitigation Measure 18:</u> Homeowners shall be responsible for litter control on private lots. HOA staff shall remove litter from common areas and dispose off-site. Staff or an outside landscape company shall provide litter control services.	City of Loma Linda Community Development Department & HOA	Weekly by HOA; Annually by City	Upon establishment of HOA	Review of HOA Maintenance Documents and On-site Inspection	
<u>Mitigation Measure 19:</u> The HOA shall schedule an annual seminar and refresher course based on Activity Restrictions which shall be conducted by a designated representative.	HOA	Annually by HOA and City	Upon establishment of HOA	Review of HOA Documentation	

Mitigation Measures No. / Implementing Action	Responsible for Monitoring	Monitoring Frequency	Timing of Verification	Method of Verification	Verified Date /Initials
<u>Mitigation Measure 20:</u> The top of all catch basins shall be painted with the following: "No Dumping, Drains to River" sign or equivalent.	City of Loma Linda Community Development Department	Review of Final TTM	Review of Final TTM	Review of Final TTM	
Traffic and Circulation					
<u>Mitigation Measure 21:</u> Consistent with Measure V, as mitigation for the potential traffic impacts, the Project Proponent shall contribute toward the cost of necessary study area improvements on a fair share basis either through an adopted traffic impact fee program, or through implementation of the recommended intersection improvements, or in dollar equivalent in lieu mitigation contributions. The Project's fair share of identified intersection costs is \$17,800.	City Engineer	Review of Final TTM	Review of Final TTM	On-site inspection	
<u>Mitigation Measure 22:</u> Construct Citrus Avenue from California Street to the east project boundary at its ultimate half-section width including landscaping and parkway improvements in conjunction with development.	City Engineer	Review of Final TTM	Review of Final TTM	On-site inspection	
<u>Mitigation Measure 23:</u> Construct California Street from Citrus Avenue to the south project boundary (Bell property) at its ultimate cross-section width including landscaping and parkway improvements in conjunction with development.	City Engineer	Review of Final TTM	Review of Final TTM	On-site inspection	
<u>Mitigation Measure 24:</u> On-site traffic signing and striping should be implemented in conjunction with detailed construction plans for the project.	City Engineer	Review of Final TTM	Review of Final TTM	On-site inspection	
<u>Mitigation Measure 25:</u> Sight distance at project accesses shall comply with standard California Department of Transportation/City of Loma Linda sight distance standards. The final grading, landscaping, and street improvement plans shall demonstrate that sight distance standards are met. Such plans must be reviewed by the City and approved as consistent with this measure prior to issuance of grading permits.	City Engineer	Review of Final TTM	Review of Final TTM	On-site inspection	
Utilities and Service Systems					
<u>Mitigation Measure 26:</u> The Project Proponent shall comply with City adopted policies regarding the reduction of construction and demolition (C&D) materials.	City Engineer	Throughout construction of the project	During City inspections	On-site inspection	

Draft Resolution No. 3201

Attachment 4

PROPOSAL NO.: LAFCO 3182

HEARING DATE: JULY 15, 2015

RESOLUTION NO. 3201

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3182 - REORGANIZATION TO INCLUDE CITY OF LOMA LINDA ANNEXATION AND DETACHMENT FROM SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS VALLEY SERVICE ZONE, AND COUNTY SERVICE AREA 70. The reorganization area encompasses approximately 20 acres, general bordered by Citrus Avenue on the north, parcel lines on the east, Orange Avenue (existing City of Loma Linda boundary) on the south, and California Street (existing City of Loma Linda boundary) on the west, within the City of Loma Linda's eastern sphere of influence.

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

WHEREAS, an application for the proposed reorganization in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (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 the Executive Officer has examined the application and executed her certificate in accordance with law, determining and certifying that the filings are sufficient; 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, the public hearing by this Commission was called for July 15, 2015 at the time and place specified in the notice of public hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written support and/or opposition; the Commission considered all plans and proposed changes of organization, objections and evidence which were made, presented, or filed; it received

RESOLUTION NO. 3201

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.

NOW, THEREFORE, BE IT RESOLVED, that the Commission does hereby determine, find, resolve, and order as follows:

DETERMINATIONS:

SECTION 1. The proposal is approved subject to the terms and conditions hereinafter specified:

CONDITIONS:

Condition No. 1. The boundaries of this change of organization are approved as set forth in Exhibits "A" and "A-1" attached;

Condition No. 2. The following distinctive short-form designation shall be used throughout this proceeding: LAFCO 3182;

Condition No. 3. The date of issuance of the Certification of Completion shall be the effective date of the reorganization;

Condition No. 4. All previously authorized charges, fees, assessments, and/or taxes currently in effect by the City of Loma Linda (annexing agency) shall be assumed by the annexing territory in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t).

Condition No. 5. The applicant, Stratus Development Partners, LLC, shall indemnify, defend, and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission; and,

Condition No. 6. Pursuant to Government Code Section 56886.1, public utilities, as defined in Section 216 of the Public Utilities Code, have ninety (90) days following the recording of the Certificate of Completion to make the necessary changes to impacted utility customer accounts.

SECTION 2. DETERMINATIONS. The following determinations are required to be provided by Commission policy and Government Code Section 56668:

1. The reorganization area is legally uninhabited, containing five (5) registered voters as of June 8, 2015, as certified by the County Registrar of Voters Office.
2. The County Assessor has determined that the total assessed value of land and improvements within the reorganization area is \$733,315 (land - \$393,513 -- improvements - \$339,802).

RESOLUTION NO. 3201

3. The reorganization area is within the sphere of influence assigned the City of Loma Linda.
4. Notice of this hearing has been advertised as required by Law through publication in *The Sun*, a newspaper of general circulation within the reorganization area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice. Comments from any affected local agency have been reviewed by the Commission.
5. In compliance with the requirements of Government Code Section 56157 and Commission policy, individual notice was mailed to landowners and registered voters within the reorganization area (totaling 9 notices) and to surrounding landowners and registered voters within approximately 700 feet of the exterior boundary of the reorganization area (totaling 296 notices). Comments from landowners and registered voters have been considered by the Commission in making its determination. No expression of support or opposition to this reorganization has been received by the Commission.
6. The City of Loma Linda has pre-zoned the reorganization area for the following land uses: R-1 (Single Residence) for the Bell properties (APNs 292-161-01 and 11) and C-2 (General Business) for the Ramirez properties (APNs 292-161-08 and 12). These zoning designations are consistent with the City's General Plan. Pursuant to the provisions of Government Code Section 56375(e), these zoning designations shall remain in effect for two years following annexation unless specific actions are taken by the City Council.
7. The Southern California Associated Governments (SCAG) adopted its 2012-2035 Regional Transportation Plan and Sustainable Communities Strategy pursuant to Government Code Section 65080. LAFCO 3182 has no direct impact on SCAG's Regional Transportation Plan.
8. The City of Loma Linda, as a function of its review for the General Plan Amendment (GPA 14-075), Pre-Zone (ZMA 14-076), Tentative Tract Map 14-073 (TTM 18963) for the Citrus Lane Project, and Annexation (ANX 14-074) on approximately 20 acres, prepared an environmental assessment and adopted a Mitigated Negative Declaration which indicates that approval of the project will not have a significant adverse impact on the environment.

The Commission certifies that it has reviewed and considered the City's Mitigated Negative Declaration and the environmental effects as outlined in the Initial Study prior to reaching a decision on the project and finds the information substantiating the Mitigated Negative Declaration is adequate for its use in making a decision as a CEQA responsible agency. The Commission finds that it does not intend to adopt alternatives or mitigation measures for this project as all changes, alternations and mitigation measures are within the responsibility and jurisdiction of the City and/or other agencies and not the Commission; and finds that it is the responsibility of the City to oversee and implement these measures.

RESOLUTION NO. 3201

The Commission directs its Executive Officer to file a Notice of Determination within five (5) days within the San Bernardino County Clerk of the Board of Supervisors. The Commission, as a responsible agency, also notes that this proposal is exempt from the California Department of Fish and Wildlife fees because the fees were the responsibility of the City of Loma Linda as lead agency.

9. The local agencies currently serving the area are: County of San Bernardino, San Bernardino County Fire Protection District (SBCFPD), SBCFPD Valley Service Zone, San Bernardino Valley Municipal Water District, Inland Empire Resource Conservation District, San Bernardino Valley Water Conservation District, County Service Area 70 (multi-function unincorporated area Countywide)

The San Bernardino County Fire Protection District, its Valley Service Zone, and County Service Area 70 will be detached as a function of the reorganization. None of the other agencies are affected by this proposal as they are regional in nature.

10. The City of Loma Linda has submitted a plan for the provision of services as required by Government Code Section 56653, which indicates that the City can, at a minimum, maintain the existing level of service delivery and can improve the level and range of selected services currently available in the area. The Plan for Service has been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that such Plan conforms to those adopted standards and requirements.
11. The reorganization area would benefit from the availability and extension of municipal services from the City of Loma Linda and has benefitted from the delivery of water service as well as fire protection and emergency medical response service (through its contract with the San Bernardino County Fire Protection District to provide the service).
12. This proposal will assist in the City's ability to achieve its fair share of the regional housing needs since a portion of the reorganization area is being proposed for development of 35 single family residential subdivision.
13. With respect to environmental justice, the reorganization area, would benefit from the extension of services and facilities from the City and, at the same time, would not result in unfair treatment of any person based on race, culture or income.
14. The County of San Bernardino and the City of Loma Linda have negotiated the transfer of ad valorem taxes as required by State law. Copies of the resolutions adopted by the San Bernardino County Board of Supervisors and the City Council of the City of Loma Linda are on file in the LAFCO office outlining the exchange of revenues.
15. The map and legal description as revised are in substantial compliance with LAFCO and State standards through certification by the County Surveyor's Office.

SECTION 3. Approval by the Local Agency Formation Commission indicates that

RESOLUTION NO. 3201

completion of this proposal would accomplish the proposed change of organization in a reasonable manner with a maximum chance of success and a minimum disruption of service to the functions of other local agencies in the area.

SECTION 4. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner provided by Section 56882 of the Government Code.

SECTION 5. The Commission hereby directs that, following completion of the reconsideration period specified by Government Code Section 56895(b), the Executive Officer is hereby directed to initiate protest proceedings in compliance with this resolution and State law.

SECTION 6. Upon conclusion of the protest proceedings, the Executive Officer shall adopt a resolution setting forth her determination on the levels of protest filed and not withdrawn and setting forth the action on the proposal considered.

SECTION 7. Upon adoption of the final resolution by the Executive Officer, either a Certificate of Completion or a Certificate of Termination, as required by Government Code Sections 57176 through 57203, and a Statement of Boundary Change, as required by Government Code Section 57204, shall be prepared and filed for the proposal.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission for San Bernardino County by the following vote:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

* * * * *

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

I, KATHLEEN ROLLINGS-MCDONALD, Executive Officer of the Local Agency Formation Commission for San Bernardino County, 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 regular meeting of July 15, 2015.

DATED:

KATHLEEN ROLLINGS-McDONALD
Executive Officer

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: JULY 1, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #9: LAFCO 3189 - Special Study of the Morongo Valley Community Services District

RECOMMENDATION:

Staff recommends that the Commission take the following actions related to LAFCO 3189:

1. Receive and file the special study for the Morongo Valley Community Services District.
2. Request the Morongo Valley Community Services District to provide LAFCO with its adopted annual budget, mid-year financial report, and financial statements for the next three years.
3. Direct LAFCO staff to monitor and update the Commission biannually for the next three years regarding the financial position and sustainability of the Morongo Valley Community Services District.

BACKGROUND:

On August 18, 2014, LAFCO received a complaint from a director of the Morongo Valley Community Services District dated August 11, 2014 (included as Attachment #1). The complaint was also distributed to the Grand Jury and the Third District Supervisor. The complaint states that since LAFCO's service review/sphere update of November 2012, the district's expenses have increased dramatically. The director requested LAFCO's assistance to review the district's operations and determine the District's ability to preserve fire protection services and avoid bankruptcy.

In response to the complaint, staff conducted a phone interview with the general manager in September followed by a site visit with the general manager and fire chief in January. At the January 21, 2015 hearing, based upon staff's recommendation the Commission

authorized a special study of the district. This special study is narrow in focus – determining the financial sustainability of the district to perform the minimum level of services.

Methodology

Throughout February, March, and April the district general manger formulated the FY 2015-16 Budget. During this time, the general manager provided LAFCO staff with documentation on cost cutting measures for 2014-15 and 2015-16 as well as insight into rectifying the problems that have plagued the district since at least 2010.

On April 7, LAFCO staff conducted a site visit and interviewed the general manager and interim fire chief. On April 11, the district held a special meeting and unanimously adopted its preliminary 2015-16 budget as presented by district staff. The district adopted the final 2015-16 budget at its May 20 hearing.

Sources utilized for this report include:

- Interviews and correspondence with district management staff
- District financial documents
 - Audits through FY 2013-14
 - Ledger for FY 2014-15 through March with year-end projections provided by district
 - FY 2015-16 final budget provided by district
- State Controller Report for Special Districts through FY 2012-13
- Assessed Valuation data from the County Auditor
- Population data from the U.S. Census with projections from ESRI (Environmental Systems Research Institute)
- District fire department response calls by type from 2011 through 2014
- Traffic flow data from the State Department of Transportation and ESRI

Review of Draft Report

The draft staff report was provided to the district for review and comment which culminated with a meeting on June 11. The District has identified that it does not have written comments on the draft staff report. The final step for the special study is this report presented to the LAFCO Commission at a public hearing.

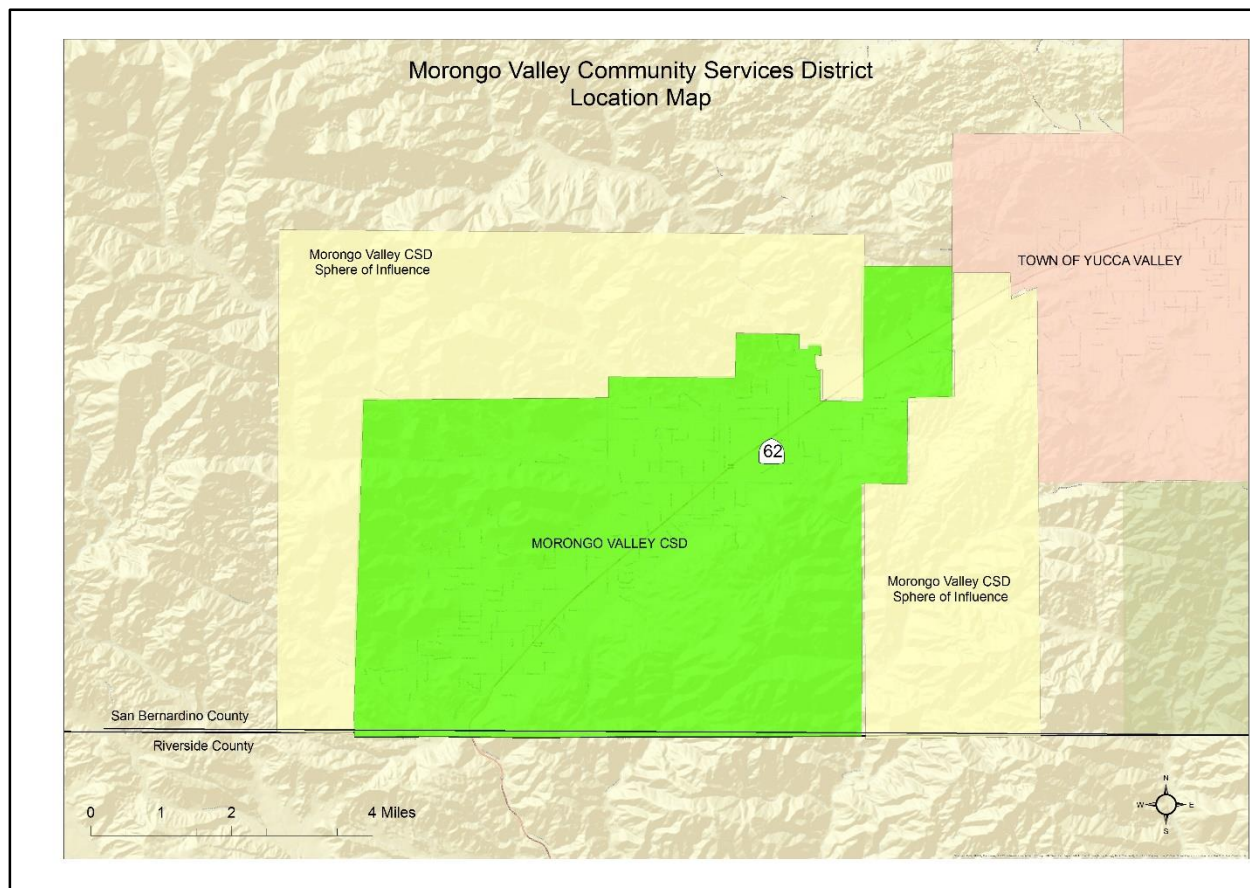
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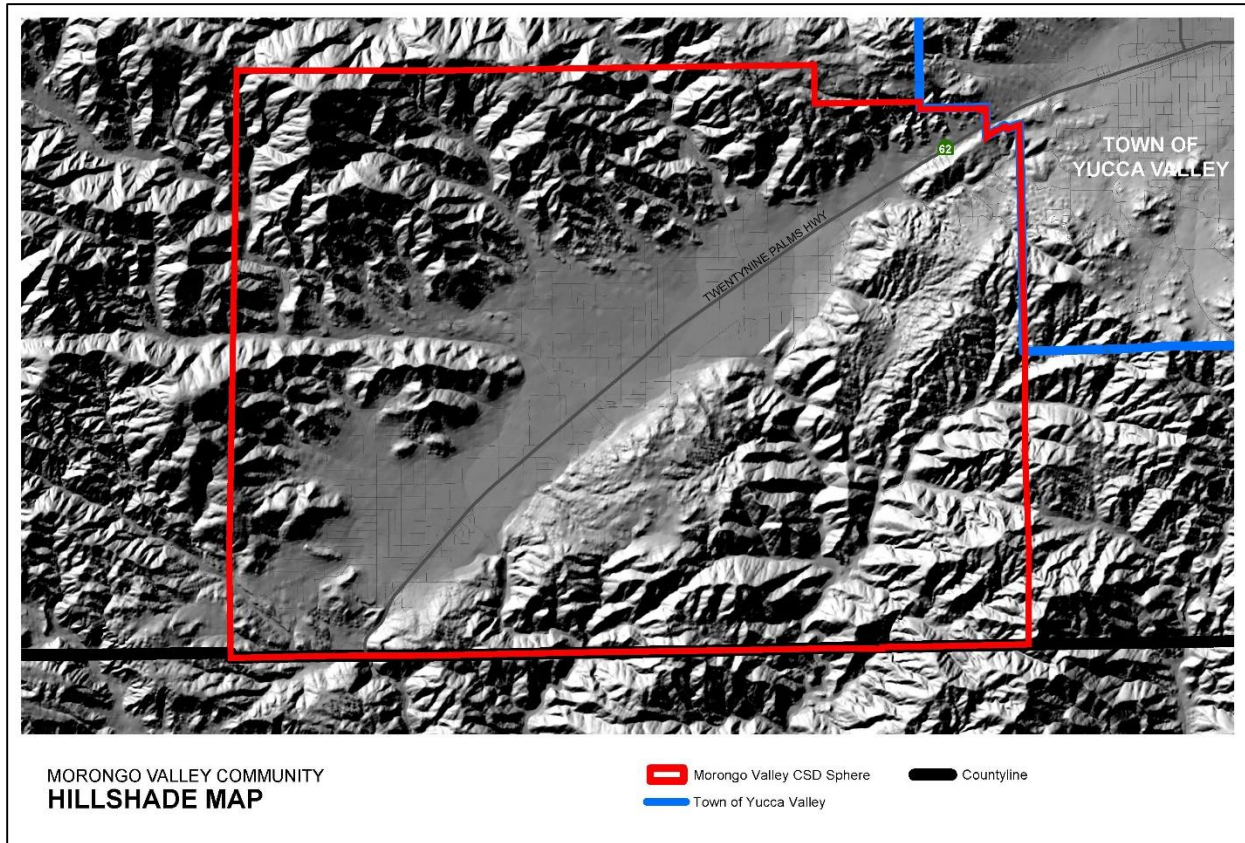
Location

The special study area is generally situated in the Commission's defined South Desert Region at the southwestern end of the Morongo Basin, approximately 58 miles east of San Bernardino and 23 miles north of Palm Springs by car. State Route 62 (Twentynine Palms Highway) traverses through the community which is south of the Sawtooth Mountains, southwest of the LAFCO defined Yucca Valley community, westerly of the Joshua Tree National Park, north of the Riverside county line, and east of the San Bernardino Mountain

Range. The study area encompasses approximately 27 square miles and includes portions of the San Geronio Wilderness and the Big Morongo Canyon Preserve.

A map of the District is shown below. The second map is a relief map which illustrates the topographic constraints that form the Morongo Valley. Morongo Valley is basically a rural community with scattered development on large parcels of land. Development consists mostly of residential single-family homes with little commercial development. The community has wilderness and recreational areas within and surrounding the community.





Morongo Valley CSD

In 1958 the voters approved the formation of the Morongo Valley Community Services District. The CSD is an independent special district with a five-member board of directors elected at-large and operates under Community Services District Law, Government Code Section 61000 et seq. Currently, the CSD is authorized by LAFCO to provide the functions of streetlighting, fire protection, park and recreation, and library service pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. Currently, the district does not actively provide library service.

Special Tax

In 2002, in response to declining numbers of volunteer firefighters and community concerns regarding lengthy response times by the ambulance service assigned to the area, the District proposed, and the electorate approved, the Morongo Valley Fire and Rescue Assessment pursuant to Government Code Sections 50078 et seq. The total cost of the service is allocated to each property based on the relative benefit to a property in relation to a single family home, the type of property, and its size, adjusted for inflation capped at 3% each year. Each year the District's contracted engineering firm conducts a "fire suppression count", essentially auditing the parcel list for the assessment. According to the ballot measure, the assessment provides funding to:

- Ensure a minimum of two paid fire personnel on duty 24 hours a day, 7 days a week,
- Upgrade Emergency Medical Service from EMT/Firefighter (Basic Life Support) to Paramedic/Firefighter (Advance Life Support),
- Significantly improve response times for Advance Life Support,
- Guard against possible increases in fire and home insurance by protecting the District's fire risk rating, and
- Work towards improving fire risk rating in areas with highest insurance rates by establishing a water haul system.

Agreement with ICEMA

The CSD (through its Fire Department) and the Inland Counties Emergency Medical Agency ("ICEMA")¹ entered into a non-financial agreement in 2008 authorizing the CSD to provide non-transport Advanced Life Support services within District's boundaries and sphere of influence.² The agreement was from February 2008 through January 2010 and is automatically renewed for successive two-year periods unless terminated or amended, with the current two-year term being through January 2016.

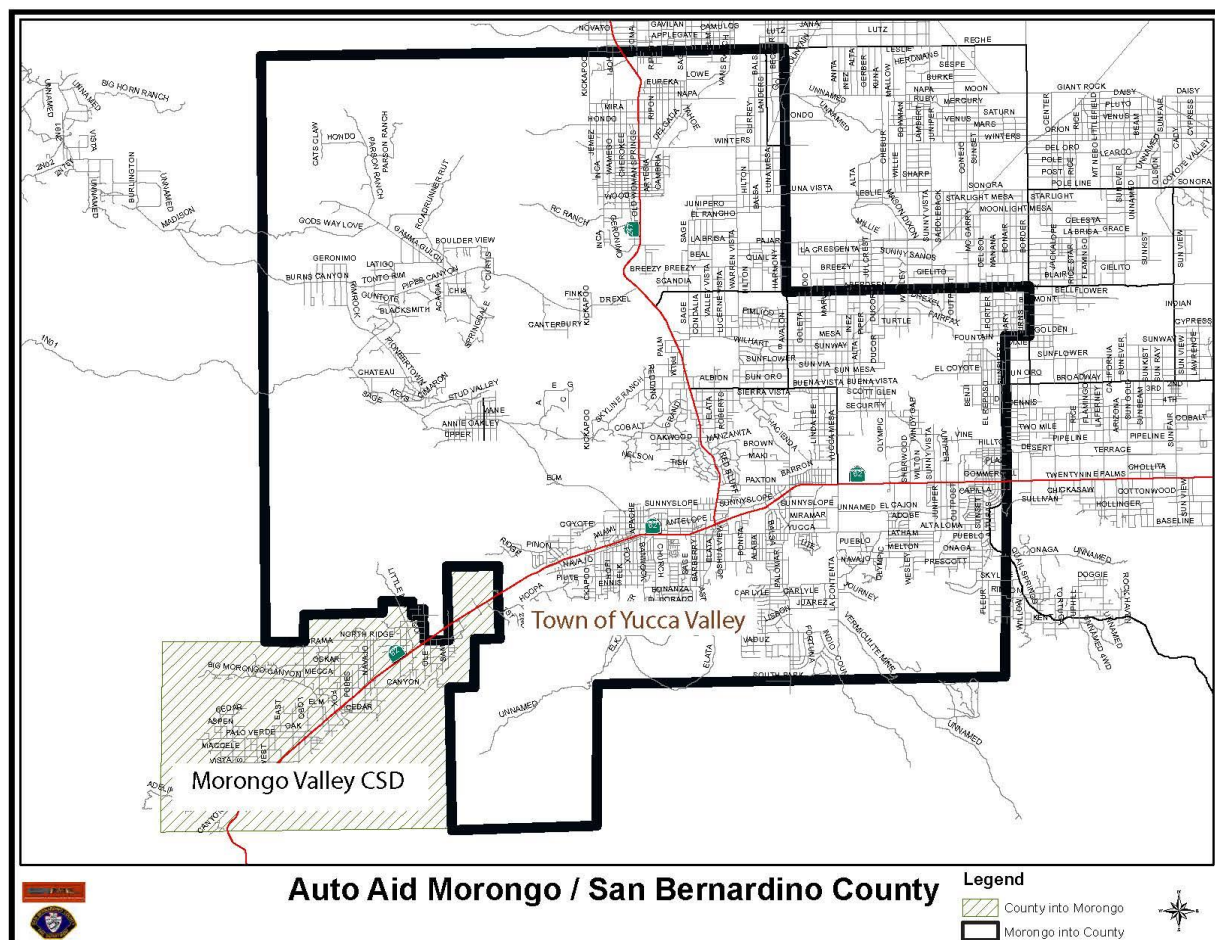
Agreement with County Fire

The CSD and County Fire have entered into an automatic aid/mutual aid agreement "to provide the most expeditious response to suppress fires and render other emergency services".³ The agreement identifies that neither party shall be obligated to reimburse the other for its response. The term of the agreement is until June 30, 2017 with a 90-day termination notice. A map of the agreement areas is shown below:

¹ ICEMA is a joint powers authority composed of the Counties of San Bernardino, Mono, and Inyo with the San Bernardino County Board of Supervisors as the ex-officio ICEMA Board of Directors.

² Inland Counties Emergency Medical Agency, 5 Feb 2008, County Board Agenda Item 52.

³ County of San Bernardino, Board of Supervisors, Agreement No. 12-284, 22 May 2012, Agreement No. 12-284, Agenda Item 79



Source: County of San Bernardino

2012 Sphere of Influence Expansion

As a part of the 2012 service review/sphere update, the Commission expanded the district's sphere to the west based upon discussion with the district that it provided fire and emergency response to the area under agreement with the County. It appears that there is no automatic agreement for this area and the response is simply that of mutual aid, which would not necessitate an expanded sphere. Unless this circumstance changes, as a part of the district's next service review a sphere reduction to reflect its service area will be evaluated.

State Responsibility Area

The entire community is within a State Responsibility Area, and thus is subject to the State Responsibility Area Fire Prevention Fee. Wildland fires are under the jurisdiction of the California Department of Forestry and Fire Protection (Cal Fire) and the U.S. Forest Service, both not subject to LAFCO jurisdiction. The closest fire stations beyond the Morongo Valley community are CDF's Yucca Valley Station (Station #121) and County Fire's Station #41 (Yucca Valley Station). Other stations nearby that could also respond are County Fire's Stations #36 (Joshua Tree Station) and #38 (Pioneer Town Station), the

National Park Service Black Rock Interagency Fire Center (Station #608), and the Riverside County Fire Department Stations #36 and #37 (Desert Hot Springs Fire Stations).

Disadvantaged Unincorporated Community

The Morongo Valley community is considered a disadvantaged unincorporated community – identified as communities that have an annual median household income that is less than 80 percent of the statewide annual median household income, which is under \$48,305 for 2015 (defined by Government Code Section 56302). The district overlays parts of five Census Block Groups, whose annual median household incomes range from \$34,311 to \$45,986.

WHAT THE DISTRICT DID NOT REVEAL DURING THE 2012 SERVICE REVIEW

2012 Service Review Determination

In 2012 LAFCO conducted a service review of the district and made the required determinations outlined in Government Code Section 56430. The following is an excerpt from the conclusion to Determination IV, Financial Ability of Agencies to Provide Services:

In reviewing the District's financial statements, net assets have increased by 38% since FY 2006-07. During the past five years Total Assets have increased by 23% and Total Liabilities have decreased by 74%. From the Net Assets perspective, the financial health the District overall has increased during the past five years. Additionally, the fund balance has increased by 124% since FY 2006-07 with Total Revenues increasing by 25% and Total Expenditures increasing by 63%. The CSD maintains unrestricted fund balance in its general fund of more than two months of regular general fund operating revenues or expenditures. Therefore, given the data provided by the CSD, the CSD is likely to be able to continue providing service at its current level through 2014-15.

Given the information provided to LAFCO at that time, the financial ability of the agency was not a concern.

Matters Revealed to LAFCO staff in 2015

The interviews conducted by LAFCO staff in January and April 2015 revealed management issues related to the district's operations and finances going back many years during the tenure of previous general managers. Items of significance include:

- Previous misuse of grant funds. The funds from some grants were not used for the intended purpose which resulted in the district being blacklisted from future grant applications. This circumstance artificially inflated the fund balance. To regain eligibility for grant funding required the closing of the previous grants, which meant that the district had to spend other funds (roughly \$11,000) to comply with the original grant purpose.
- From 2009 through 2012, the District deferred capital and maintenance expenditures which artificially inflated the fund balance. Over the past two years roughly \$34,500

has been spent on trimming trees and reroofing the maintenance shed, firehouse dorm, and park pavilion.

- Whistle blower and hostile work environment lawsuits which included undisclosed settlements. The breakdown of property liability claims for a ten year period from 2004-05 through 2013-14 is summarized below:

Claim Type	# of Claims	Total Incurred
General Bodily Injury	3	\$ 22,852
Employment Practices Liability	3	\$ 279,189
Auto Property Damage	1	\$ 2,523
Auto Comprehensive	1	\$ 755
Theft	2	\$ 10,329
Total	10	\$ 315,648

Based upon the district's loss history, the Special Districts Risk Management Authority ("SDRMA") increased the deductible for any employment practice claims occurring after July 1, 2014 from \$5,000 to \$25,000.

- In 2014, a SDRMA representative conducted a site-visit and issued a 63-page report on liability and risk exposure. The district states that it now complies with its OSHA issues which required roughly \$11,500 to come into compliance.
- To balance the FY 2013-14 budget, the District used \$105,000 from cash carried over from the prior year.
- FY 2014-15 began with a \$105,000 deficit – the same deficit as the previous year.

It was agreed by all those at the January site visit that with all things remaining equal and constant that the district would exhaust all funds within two years.

POST 2011-12 AUDIT FINANCIAL REVIEW **(2012-13 & 2013-14 AUDITS, 2014-15 BUDGET)**

For FY 2010-11 and FY 2011-12 the district operated within its means, although on artificial terms as identified above. However, beginning FY 2012-13 the District began to operate with an annual deficit as operating expenses increased while revenues decreased. A copy of the FY 2012-13 audit is included as Attachment #2 to this report.

The first chart below shows the District's activities including revenue detail, expenditure detail, and fund balance. As shown, revenues have experienced minor fluctuations; however, expenditures related to fire operations, particularly compensation, have increased significantly, coupled with paying unbudgeted monies to rectify the proper closing of grants and OSHA issues.

As a result, the change in fund balance for the past three audited years has been 4.2%, (16.9%), and (23.9%). The adopted budget for 2014-15 began with roughly a \$105,000 deficit – the same deficit as the previous year. A copy of the FY 2014-15 budget is included as Attachment #3 to this report.

The subsequent charts show fiscal data, each showing a downward trend.

MORONGO VALLEY CSD				
	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Budget
Revenues:				
Property tax	366,739	365,836	363,061	360,452
Fire assessment	286,528	292,076	313,913	300,535
Grant income	31,971	10,425	11,517	3,500
Fire service				
Cost Recovery	400	1,110	1,818	6,000
OES Reimbursement	-	7,602	22,270	15,000
Fire Inspections	325	510	1,394	2,500
Donations	817	2,193	9,792	400
Other	-	3,526	-	2,400
Total Fire Service	1,542	14,941	35,274	26,300
Park revenue	3,332	4,280	9,398	5,000
Other	22,290	6,799	5,500	11,834
Total Revenues	\$ 712,402	\$ 694,357	\$ 738,663	\$ 707,621
Expenditures:				
General government	169,161	181,719	189,608	120,123
Fire operations				
Operating Supplies	15,463	17,725	15,812	17,650
Training & Safety	5,626	24,467	35,592	33,550
Administration	23,474	21,497	41,001	34,525
Apparatus	94,365	59,309	64,253	64,900
Compensation	342,753	398,366	448,410	495,031
Total Fire Operations	481,681	521,364	605,068	645,656
Park & recreation	22,315	33,523	46,520	37,850
Streetlights	4,030	4,237	4,039	4,000
Debt service/replacement	12,313	1,456	5,818	5,816
Total Expenditures	\$ 689,500	\$ 742,299	\$ 851,053	\$ 813,445
Revenues less Expenditures:	\$ 22,902	\$ (47,942)	\$ (112,390)	\$ (105,824)
Fund Balances, Beginning	542,444	517,511*	469,569	357,179
Fund Balances, Ending	\$ 565,346	\$ 469,569	\$ 357,179	\$ 251,355
Change from prior year	4.2%	-16.9%	-23.9%	-29.6%
* 2012-13 Fund Balance had adjustment to Beginning Balance of (\$47,836)				

Assessed Value and Property Tax

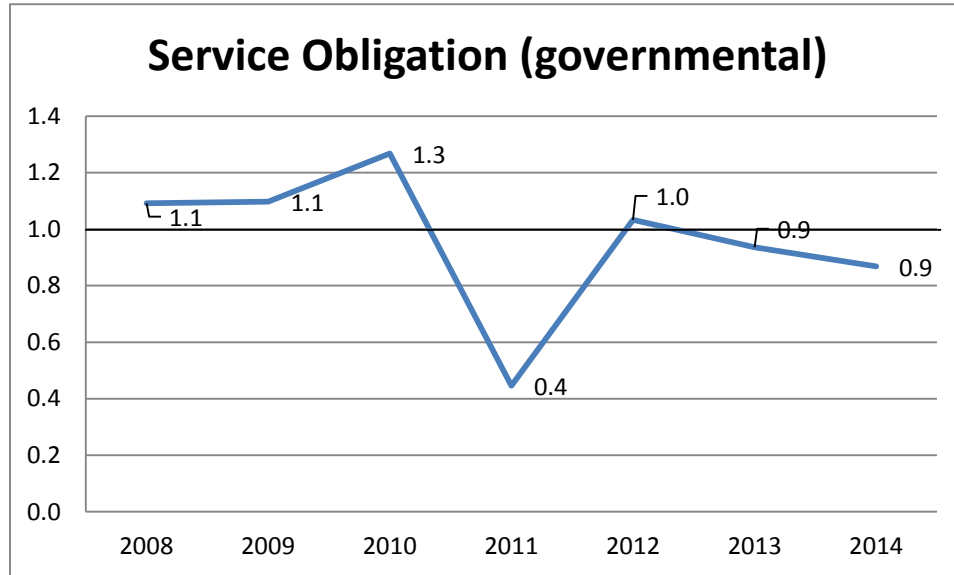
As shown below, assessed value declined for five consecutive years which led to a corresponding decline in property tax revenues received. As this revenue source is relatively stable and lags about two years behind changes in market conditions, this indicator can potentially illustrate the level of stability of an agency's revenue base. However, this is particularly problematic when the overall tax base is capped at a maximum two percent growth under Proposition 13 (not to include property sales) and while districts experienced decreasing property values. Increases in costs for labor and benefits, training, replacement of equipment and facilities all have grown at a rate greater than two percent.

However, the fire assessment is not tied to assessed value and enjoyed annual gains over the same timeframe.

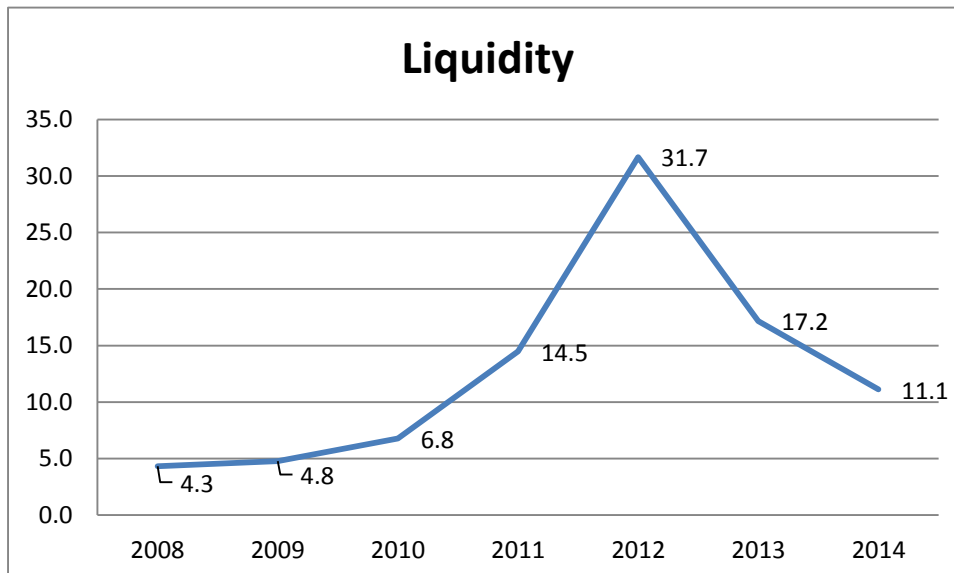
Year	Assessed Value		Tax Received		Assessment Received	
	Valuation	% change	Total Tax	% change	Total	% change
2007-08	\$ 219,980,152	16.8%	\$ 438,520	15.2%	\$ 214,573	7.4%
2008-09	\$ 226,288,922	2.9%	\$ 439,874	0.3%	\$ 263,798	22.9%
2009-10	\$ 211,888,756	-6.4%	\$ 420,263	-4.5%	\$ 269,762	2.3%
2010-11	\$ 194,095,885	-8.4%	\$ 383,400	-8.8%	\$ 280,605	4.0%
2011-12	\$ 186,380,022	-4.0%	\$ 366,739	-4.3%	\$ 286,528	2.1%
2012-13	\$ 184,029,593	-1.3%	\$ 365,836	-0.2%	\$ 292,076	1.9%
2013-14	\$ 179,691,565	-2.4%	\$ 363,061	-0.8%	\$ 313,913	7.5%
2014-15	\$ 188,970,893	5.2%	\$ 369,483	1.8%	\$ 300,606	-4.2%
sources:						
County of San Bernardino, Agency Net Valuations						
Morongo Valley CSD audits, 2014-15 year-end estimate						

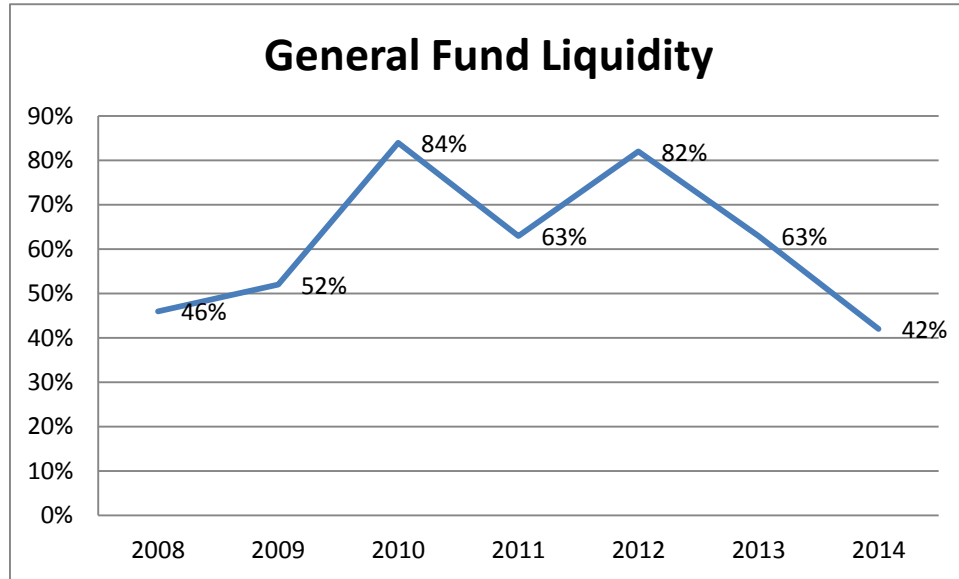
Service Obligation

Service Obligation measures whether or not a government's annual revenues were sufficient to pay for annual operations. In most cases, as the percentage of general revenues decreases, an agency loses its ability to respond to changing conditions and to citizens' needs and demands. It is calculated by dividing operating expenditures by operating revenues. A ratio of one or higher indicates that a government lived within its annual revenues.



Liquidity measures a government's ability to meet its short-term obligations. In other words, if a short-term obligation became due would the agency be able to satisfy that obligation with cash. It is calculated by dividing current liabilities by cash and investments. The higher the ratio suggests a government is better able to meet its short-term obligations. For agencies not meeting its service obligations (see previous indicator), the literature suggests a ratio of ten or above. The second figure isolates Liquidity for the General Fund of the agency (not to include fire operations).





Fire Department Staffing

Focusing on the staffing of the fire department, the district implemented a top-heavy staffing model, as shown in the figure below.

Position	2010-11	2011-12	2012-13	2013-14	2014-15
Chief	1	1	1	1	1
Deputy Chief	0	0	0	0	0
Division Chief	1	1	0	0	0
Captain	0	0	1	2	3
Full time fire fighters/paramedics	2	2	2	3	3
Part time fire fighters/paramedics	1	1	1	0	0
Full time engineers	2	2	2	3	3
Part time engineers	1	1	1	0	0
Emergency Medical Services Coordinator	0	0	0	1	1
Reserves	5	5	7	14	14
Personnel Cost	\$ 276,682	\$ 280,062	\$ 300,222	\$ 332,222	\$ 404,051

The position voiced to LAFCO staff by some related to the district that higher fire call volume necessitated the increase in fire personnel. As shown in the chart below, overall response calls increased from 2011 to 2014 by 20%. Looking closer at the response data, the vast majority of the call increase is related to medical aid calls, which generally comes from district residents, rather than increased traffic as voiced by some in the community.

Call Type	2011	2012	2013	2014
Medical Aid	290	321	357	380
Traffic Collisions	64	51	63	58
Fire Residential	12	14	26	29
Fire Commercial	18	13	14	7
Fire Vehicle	9	16	16	13
Fire Debris	11	17	6	14
Fire Wildland	14	17	11	27
Fire Refuse	0	0	0	0
Public Assistance	34	41	34	29
Investigation	44	71	34	31
Hazard Materials	5	7	9	6
Other	3	4	15	9
TOTAL	504	572	585	603

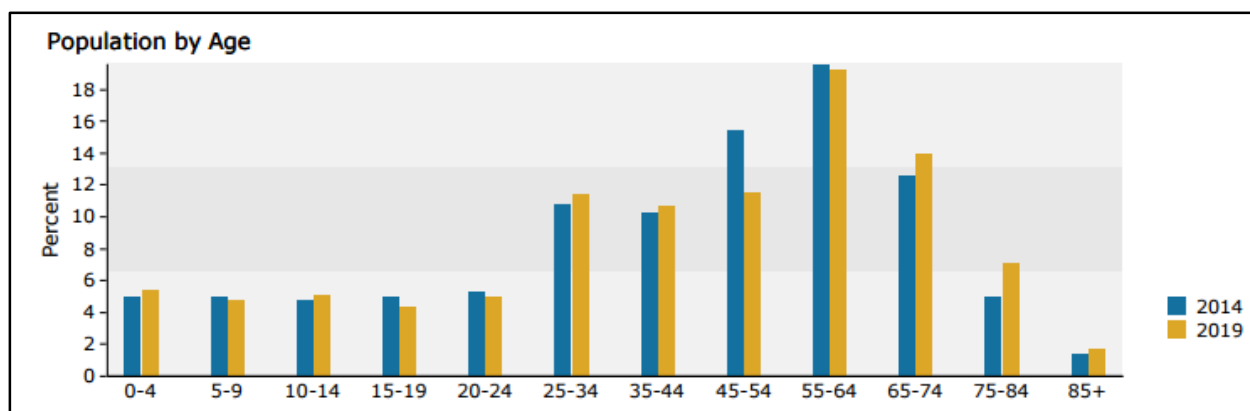
As to why medical call increased by 20% during this timeframe is not readily evident. A review of traffic count data from the State Department of Transportation identifies virtually no change in average daily traffic volume (20,500 daily trips) or hourly peak flow (2,050) since 2008 at the intersection of Highway 62 and Pioneer/East Drives.⁴ Therefore, an increase in traffic has not been a factor in the increase of fire operations. The map included as Attachment #4 to this report illustrates the average daily traffic volume along Highway 62.

Further, from 2000 to 2014 the total population of Morongo Valley has increased less than one percent annually and nominally in raw numbers by 460. Population projections through 2019 continue at less than one percent annual growth rate. Therefore, population growth has not been a factor in the increase of fire operations.

Census			Estimate	Projection
1990	2000	2010	2014	2019
2,631	3,130	3,543	3,590	3,682

The population distribution by age, skewed towards ages 45-74, may signify the high number of medical calls but not necessarily the increase in medical calls. Nonetheless, even with the increase in medical aid calls, the increase in staffing has strained the resources of the district while revenues have not increased in kind.

⁴ California Department of Transportation. Traffic Census. <http://traffic-counts.dot.ca.gov>. Accessed 21 April 2015.



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2014 and 2019.

POST 2012 AUDIT FINANCIAL REVIEW **(2014-15 YEAR-END ESTIMATE AND 2015-16 ADOPTED BUDGET)**

District Taking Action

The District board in general and the general manager in particular have been aware of the financial situation and have taken measures to reduce costs during FY 2014-15. During the budget cycle for FY 2015-16, the most pressing issue to face the district for some time was to adopt a sustainable budget.

The general manager has voluntarily reduced the compensation of her position more than once as well as additional scrutiny of all expenditures. Further, the fire chief entered worker's compensation in the second half of the year, resulting in roughly two-thirds of the fire chief salary being paid from worker's compensation insurance. As for revenues, the district responded to calls from the State to engage in wild land fires; these responses resulted in reimbursement to the district of \$94,769.

The district has acknowledged that the structure of its fire personnel has been top-heavy for the past few years. The figure below illustrates the fire personnel activity with cost since 2010-11 with the budgeted activity for 2015-16. As shown, the district has restructured its fire staffing. As a part of its 2015-16 budget, but implemented in April 2015, the district has moved from four personnel on all calls to three personnel.

Position	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Chief	1	1	1	1	1	1
Deputy Chief	0	0	0	0	0	1
Division Chief	1	1	0	0	0	0
Captain	0	0	1	2	3	0
Full time fire fighters/paramedics	2	2	2	3	3	3
Part time fire fighters/paramedics	1	1	1	0	0	0
Full time engineers	2	2	2	3	3	3
Part time engineers	1	1	1	0	0	0
Emergency Medical Services Coordinator	0	0	0	1	1	1
Reserves	5	5	7	14	14	7
Personnel Cost	\$ 276,682	\$ 280,062	\$ 300,222	\$ 332,222	\$ 404,051	\$ 327,540

It took all the expense cutting measures, the reduction in pay by the district for the fire chief due to worker's compensation, and the high amount of variable reimbursement by the State in order for the district to end 2014-15 with revenues over expenditures by an estimated \$9,468. As for the upcoming 2015-16 budget year, the district has budgeted conservatively for revenues with expenditures returning near to 2011-12 levels. It appears that the district has adopted a sustainable budget for 2015-16.

MORONGO VALLEY CSD						
	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Budget	2014-15 Year-end Estimate	2015-16 Budget
Revenues:						
Property tax	366,739	365,836	363,061	360,452	369,483	369,483
Fire assessment	286,528	292,076	313,913	300,535	300,606	302,932
Grant income	31,971	10,425	11,517	3,500	15,559	10,000
Fire service						
Cost Recovery	400	1,110	1,818	6,000	2,917	4,000
OES Reimbursement	-	7,602	22,270	15,000	94,769	22,000
Fire Inspections	325	510	1,394	2,500	1,702	2,400
Donations	817	2,193	9,792	400	3,882	-
Other	-	3,526	-	2,400	17,454	-
Total Fire Service	1,542	14,941	35,274	26,300	120,724	28,400
Park revenue	3,332	4,280	9,398	5,000	5,983	5,000
Other	22,290	6,799	5,500	11,834	5,648	3,334
Total Revenues	\$ 712,402	\$ 694,357	\$ 738,663	\$ 707,621	\$ 818,003	\$ 719,149
Expenditures:						
General government	169,161	181,719	189,608	120,123	142,157	117,175
Fire operations						
Operating Supplies	15,463	17,725	15,812	17,650	9,574	11,650
Training & Safety	5,626	24,467	35,592	33,550	11,768	17,000
Administration	23,474	21,497	41,001	34,525	27,697	28,650
Apparatus	94,365	59,309	64,253	64,900	60,320	57,350
Compensation	342,753	398,366	448,410	495,031	512,960	446,458
Total Fire Operations	481,681	521,364	605,068	645,656	622,319	561,108
Park & recreation	22,315	33,523	46,520	37,850	35,067	31,050
Streetlights	4,030	4,237	4,039	4,000	4,183	4,000
Debt service/replacement	12,313	1,456	5,818	5,816	4,849	5,816
Total Expenditures	\$ 689,500	\$ 742,299	\$ 851,053	\$ 813,445	\$ 808,575	\$ 719,149
Revenues less Expenditures:	\$ 22,902	\$ (47,942)	\$ (112,390)	\$ (105,824)	\$ 9,428	\$ -
Fund Balances, Beginning	542,444	517,511*	469,569	357,179	357,179	366,607
Fund Balances, Ending	\$ 565,346	\$ 469,569	\$ 357,179	\$ 251,355	\$ 366,607	\$ 366,607
Change from prior year	4.2%	-16.9%	-23.9%	-29.6%	2.6%	0.0%
* 2012-13 Fund Balance had adjustment to Beginning Balance of (\$47,836)						

LAFCO FIVE-YEAR FORECAST

Utilizing conservative revenue growth (two percent annual increase in property tax receipts) and inflation to categories sensitive to inflation, LAFCO staff provides a forecast for the next five years. As shown, the forecast for 2017 and 2018 does not result in even nominal annual revenue gains – the forecast is basically a break-even scenario. As identified for the

FY 2014-15 estimated year-end, it took painstaking measures and additional State reimbursement revenue to barely break-even for the year. In 2019 the outstanding loan for the fire admin vehicle matures and the roughly \$5,800 annual burden is removed.

MORONGO VALLEY CSD						
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Budget	LAFCO	LAFCO	LAFCO	LAFCO	LAFCO
		Forecast	Forecast	Forecast	Forecast	Forecast
Revenues:						
Property tax	369,483	376,873	384,410	392,098	399,940	407,939
Fire assessment	302,932	308,991	315,170	321,474	327,903	334,461
Grant income	10,000	10,000	10,000	10,000	10,000	10,000
Fire service						
Cost Recovery	4,000	4,000	4,000	4,000	4,000	4,000
OES Reimbursement	22,000	22,000	22,000	22,000	22,000	22,000
Fire Inspections	2,400	2,448	2,497	2,547	2,598	2,650
Donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Fire Service	28,400	28,448	28,497	28,547	28,598	28,650
Park revenue	5,000	6,000	6,500	7,000	7,000	7,000
Other	3,334	5,000	5,000	\$ 5,000	\$ 5,000	\$ 5,000
Total Revenues	\$ 719,149	\$ 735,311	\$ 749,578	\$ 764,119	\$ 778,441	\$ 793,050
Expenditures:						
General government	117,175	119,519	121,909	124,347	126,834	129,371
Fire operations						
Operating Supplies	11,650	11,883	11,882	11,881	11,880	11,879
Training & Safety	17,000	17,340	17,687	18,041	18,401	18,769
Administration	28,650	29,223	29,807	30,404	31,012	31,632
Apparatus	57,350	58,497	59,667	60,860	62,077	63,319
Compensation	446,458	455,387	464,495	473,785	483,260	492,926
Total Fire Operations	561,108	572,330	583,538	594,970	606,631	618,525
Park & recreation	31,050	31,671	32,304	32,951	33,610	34,282
Streetlights	4,000	4,000	4,000	4,250	4,250	4,250
Debt service	5,816	5,816	4,362	-	-	-
Total Expenditures	\$ 719,149	\$ 733,336	\$ 746,113	\$ 756,518	\$ 771,324	\$ 786,427
Revenues less Expenditures:	\$ -	\$ 1,976	\$ 3,464	\$ 7,601	\$ 7,117	\$ 6,623
Fund Balances, Beginning	366,607	366,607	368,583	372,047	379,648	386,765
Fund Balances, Ending	\$ 366,607	\$ 368,583	\$ 372,047	\$ 379,648	\$ 386,765	\$ 393,388
Change from prior year	0.0%	0.5%	0.9%	2.0%	1.9%	1.7%

Caveats

The projections identified in the figure above assume that funding, equipment, and personnel remain equal and constant. However, four variables can result in budget challenges for the district, ranging from severe to moderate.

1. Replacement of Current Fire Truck. According to the CSD's website, "Morongo Valley does not have enough financial resources to purchase a critically needed 4 x 4 all-terrain fire/medic engine to replace the current engine". The district fire truck is a 2001 model with roughly 100,000 miles, and the backup is a 1992 truck. The district does not have enough funds to outright purchase a truck and given its financial condition it would not be prudent to lease or enter into a purchase loan. Realizing its predicament, the district is holding funding campaigns as well as allowing advertisement on the trucks to gain additional revenue. Should the district gain significant additional funds from funding campaigns, advertisement, or reimbursement from the State for sending strike teams to wild land fires, the burden of a new fire truck would be lessened. (\$500,000)
2. Wild land Fire Truck is Recalled. A federal program provides the district with a wild land fire truck (brush engine) for use in wild land fires. The terms of the arrangement stipulate that the district can request reimbursement for its response to wild land fires. Additionally, the district may only use the truck for domestic response (structure fires, medical) for only 20% of the truck's use. Should the federal program cease, the recall of the brush engine would remove a revenue source as well as remove a backup fire truck.
3. Replacement of Current General Manager. The current general manager has voluntarily decreased her salary by roughly \$15,000 in order to balance the budget. Should the need arise to fill the position, returning the salary to the previous figure may be necessary to recruit a general manager with the skill level required of the position.
4. Any other Major Expense. There is little to no room for any other major expense such as a new roof or replacement of the fire admin vehicle. Due to the age of the facilities and the recent actions to rectify deferred maintenance (trimming trees and reroofing of three facilities), it is a matter of when, not if, major expenses will occur.

As it should have, the district did not adopt its 2015-16 budget anticipating variable revenues in large amounts. Rather, it prudently adopted what appears to be a sustainable budget. Should the demise of the fire truck necessitate action before adequate funds are available to either outright purchase or mitigate the financial effects of such a purchase, then the sustainability of the district and the adequacy of its fire protection and emergency response services would be of paramount concern.

Thinking Ahead

In addition to fund raising and possible advertisement on the trucks, the district is entering into discussions with Copper Mountain College in Joshua Tree whereby the college's fire

program would train and pay for entry level fire personnel for the district as part of a college credit/work program. If this possibility comes to fruition, it would add flexibility to the district's strained budget.

OPTIONS FOR FUTURE ACTION:

This special study does not include a service review or sphere of influence update. Therefore, there is no mandatory action for the Commission to take other than receive and file this report.

However, should the Commission choose, it can initiate a sphere of influence review to include analysis of designating of a zero sphere of influence, thereby signaling that a future change of organization take place. By designating a zero sphere, the Commission's desire would be that an overlying or adjacent agency would potentially assume the district's services:

- San Bernardino County Fire Protection District and its South Desert Service Zone (adjacent - fire protection and emergency medical response)
- County Service Area 70 (overlying - park and recreation, streetlights)

Realistically, assumption of fire protection and emergency medical response by County Fire may result in a decrease of service since the property tax generated within the district's boundary may not be adequate for County Fire to operate the Morongo Valley station as a full-time staffed station.

Rather, it is hoped that the district continues to govern with realistic service expectations. LAFCO staff's position is that the Commission continues to monitor the district's financial position and sustainability for the next three years by requesting the district to provide LAFCO with its adopted annual budget, mid-year financial report, and financial statements.

CONCLUSION:

The cost cutting measures taken by the district which included reorganization of the fire department staffing have staved off further declines in its fund balance. As it should have, the district did not adopt its 2015-16 budget anticipating variable revenues in large amounts. Rather, it prudently adopted what appears to be a sustainable budget. Should the demise of the fire truck necessitate action before adequate funds are available to either outright purchase or mitigate the financial effects of such a purchase, then the sustainability of the district and the adequacy of its fire protection and emergency response services would be of paramount concern.

Should the district desire to increase the levels of its current services or expand the range of services, additional revenue sources would need to be obtained. The district should consider placing a ballot measure to convert its current benefit assessment into a special tax with an annual inflation factor as a special tax would not be subject to an annual engineering report and annual exposure to being challenged. Further, an election to

convert the assessment to a special tax could request an increased tax in order to augment fire protection and paramedic service. The District indicates that consideration of any ballot measure would not take place until all the mechanisms are in place to ensure that it annually operates with a sustainable budget and properly governs within that budget.

For this special study LAFCO staff recommends that the Commission:

- Continue to monitor the Morongo Valley Community Services District's financial position and sustainability by requesting the district to provide LAFCO with its adopted annual budget, mid-year financial report, and financial statements for the next three years, and
- Direct LAFCO staff to monitor and update the Commission biannually for the next three years regarding the district's financial position and sustainability.

As a part of the next scheduled service review for the district, LAFCO will review the district's progress on the matters identified in this special study. Further, as a part of the 2012 service review/sphere update, the Commission expanded the district's sphere to the west based upon discussion with the district that it provided fire and emergency response to the area under agreement with the County. It appears that there is no automatic agreement for this area and the response is simply that of mutual aid, which would not necessitate an expanded sphere. Unless this circumstance changes, as a part of the district's next service review a sphere reduction to reflect its service area will be evaluated.

KRM/MT

Attachments:

1. Letter to LAFCO dated August 11, 2014 from a Director of the Morongo Valley CSD
2. FY 2013-14 and 2012-13 Financial Statements
3. FY 2015-16 Adopted Budget
4. Traffic Count Map
5. LAFCO Resolution No. 3168 Reflecting Determinations for LAFCO 3151 from November 2012 - Service Review and Sphere of Influence Update for the Morongo Valley Community Services District

**Letter to LAFCO dated August 11, 2014
from a Director of the Morongo Valley CSD**

Attachment 1

Date: 08/11/2014

To: Kathleen Rollings-McDonald, Executive Officer
LAFCO San Bernardino
215 North D Street, Suite 204,
San Bernardino, CA 92415-0490

RECEIVED
AUG 18 2014

LAFCO
San Bernardino County

From: Chuck Osborne
10888 West Drive #12
Morongo Valley, CA 92256
Ph. (760) 363-6308

Re: July 17, 2014 the MVCSD 2014/15 Budget was passed intentionally spending
\$105,000.00 plus over income.

Dear Ms. Rollings-Mc Donald,

Since LAFCO's sphere review of November 2012, the Morongo Valley Community Services District's (MVCSD) expenses have increased dramatically. The MVCSD voted to pass a 2014 budget with Fire Service operations 27% over your projections for the FY2014/15. As an 18 yr elected member of the MVCSD, I request your assistance to review our operations and determine our ability to preserve fire protection services and avoid bankruptcy.

Complaint

At the July 17, 2014 regular monthly meeting (Hearing), the MVCSD adopted a budget with deficit over \$105,000, balanced with a transfer from current cash on hand, calling it reserves. The current cash on hand/reserves sustain the districts operating costs through December 2014. At that meeting I presented the board with 3 balanced budgets scenarios. The board refused to discuss my balanced options. In fact, the only written response I received was from President Johnny Tolbert. He wrote the word "Joke" on the budgets I distributed.

The following contains the LAFCO financial projections and current financial status.

	2011-12	2012-13	2012-13	2013-14	2013-14	2014-15	2014-15
					Actual		
	AUDIT	Adopted	AUDIT	LAFCO	expenditures	LAFCO	Budget
		Budget.		Projection.	as of	Projection.	July
					June 27, 2014		17, 2014
Revenues:							
Property Tax	366,739	365,516	365,836	365,516	356,136	365,516	360,452
Fire Assessment	286,528	291,915	292,076	297,753	300,193	303,708	300,535
Grant Income	31,971	5,293	13,951	0	11,516	0	3,500
Fire Service	1,542	27,900	9,222	3,638	34,192	3,711	26,300
Park Revenue	3,332	5,200	4,279	5,304	9,268	5,410	5,000
Other	22,289	1,500	8,993	1,500	5,484	1,530	11,833
Total Revenue	\$712,401	\$697,324	\$694,357	\$673,711	\$716,789	\$679,875	\$707,620
Expenditures:							
General							
Government	105,302	179,877	158,718	183,475	161,596	187,144	118,623
Fire Operations	500,731	485,323	517,123	495,029	597,690	504,930	645,656
Park & Recreation	67,078	12,924	60,767	13,182	72,436	13,446	39,350
Streetlights	4,074	4,200	4,237	4,284	3,699	4,370	4,000
Debt Service	12,313	15,000	1,454	0	5,816	0	5,816
Total Expenditures	\$689,498	\$697,324	\$742,299	\$695,970	\$841,237	\$709,890	\$813,445
Total Rev	\$712,401	\$697,324	\$694,357	\$673,711	\$716,789	\$679,875	\$707,620
Total Exp	\$689,498	\$697,324	\$742,299	\$695,970	\$841,237	\$709,890	\$813,445
Balance	\$22,903	0	\$-47,942	\$-22,259	\$-124,448	\$-30,015	\$-105,825
Trans from fund balance			\$47,942		\$124,448		\$105,825

As of June 2014 MVCSD fund balance was less than \$360,000.00. After budget approval 7/17/2014 cash on hand/reserves is less than \$260,000.00. Approximate monthly expenditures are \$70,000.00 plus per month.

The MVCSD majority board financial plan to solve budget deficits is to put forth an assessment in 2015, although the cost for review to obtain it has not been voted on by the Board at this time, the plan is being reviewed by Legal Counsel.

Budget deficit can be solved by reducing expenses, specifically the Fire Department staffing from 6 employees daily to 4 employees daily, including the Chief as one of the four, 4 days a week and providing one reserve daily for 3 days a week. I have been told by the Board Directors since 2012 that 4-0 staffing is required because of the 2 in-2out law. I have not found a LAW that requires Fire Departments to have 4-0 staffing to be in lawful compliance.

San Bernardino County Battalion Chief Dave Benfield reported at the Morongo Basin Municipal Advisory Committee meeting (MAC) the County of San Bernardino Fire Departments in his jurisdiction will be raising their staffing levels from 2-0 to 3-0 in some of their stations as of September 2014. The minutes from the M.A.C. in May 2014 meeting do not reflect details of the County Fire staffing. The Chief's report and full meeting can be found on YouTube : <https://www.youtube.com/watch?v=FJVOJsbuYr8>. MVCSD Director & Fire Commissioner, Gail Swarat, the appointed Morongo Valley MAC Representative was present for the Chief's report. When I quoted the Chief on July 17,

2014 in MVCSD meeting, Director Gail Swarat told the Board of Directors that this was not true, that the Battalion Chief did not say that, she disputed the fact that our mutual aid is dispatched at the same time we receive the 911 call for fire. I personally called and spoke to BC Benfield to verify this MAC report re: staffing and the 2in-2out rule is covered by mutual aid. He reiterated the same facts relayed in the MAC meeting. Swarat voted for a budget based on 6 staff on duty.

MVCSD Fire Department current staffing levels are determined by the adoption of NFPA Standards: Agenda Item J-4: A recommendation put forth by former MVCSD General Manager Rick Lebel Re: The adoption of NFPA Standards as follows:

“That the Board of Directors take action for review and approval of Standard Operating Guidelines (SOG) No. 22 and 23 relative to standardized staffing as recommended by the 2013 ISO Review and National Fire Protection Association (NFPA) response standards as adopted by State and Federal agencies.”

This proposal was passed with the caveat of “As long as we have the money in the budget”.
At the time of this proposal and passing of SOG’s, I was all for it as long as our budget could sustain it.

Due Diligence:

July 2014 I contacted the State Fire Marshal’s Office and found out:

1. State Of California and San Bernardino County have not adopted NFPA Standard’s. When I asked why I was told: Adoption of NFPA Standards would cause a major cost and hardship to the communities.


The MVCSD board majorities of 2012 thru 2014 repeatedly stated fire department expense increases are largely due to LAFCO & ISO requirements that must be met in order to be in compliance. I did not find any requirements imposed by either agency.

During my 18 plus year tenure as an elected official, most boards worked to improve the financial stability and enhance services. In the early 2000’s the Fire Department transitioned from all volunteer to 24/7 combination paid/volunteer department. During the period covered by your 5 year service review, with careful budgeting, grant funding and model volunteer training programs, we were able to obtain apparatus, add paramedic services and construct park facilities. In the past two years we have decreased services (State brush clearance inspections) and closed a station. I hope you can evaluate the MVCSD’s trend of operating deficits and prevent the current board majority from bankrupting the community.

Substantiation documentation is available upon request, including DVD’s of MVCSD meetings.

Thank you for your consideration.

Sincerely,


Chuck Osborne

8/11/14
Date

Distribution List:

- SB County Grand Jury
- SB LAFCO
- James Ramos, Third District Supervisor, SB County Board of Supervisors

**FY 2013-14 and 2012-13
Financial Statements**

Attachment 2

MORONGO VALLEY COMMUNITY SERVICES DISTRICT



FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2013

RECEIVED
AUG 21 2014

LAFCO
San Bernardino County

SM&Co
Smith Marion
& Company, LLP
Certified Public Accountants

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2013

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Smith Marion & Company, LLP • Certified Public Accountants
Grand Terrace Office • 22365 Barton Road, Suite 108 • Grand Terrace, CA 92313 • (909) 825-6600

Board of Directors
Morongo Valley Community Services District
Morongo Valley, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities Morongo Valley Community Services District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Morongo Valley Community Services District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Morongo Valley Community Services District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities Morongo Valley Community Services District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 – 8 and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morongo Valley Community Services District's basic financial statements. The Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds and Calculation of Appropriation Spending Limit (Prop. 4 "Gann Limit") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds and Calculation of Appropriation Spending Limit (Prop. 4 "Gann Limit") are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Funds and Calculation of Appropriation Spending Limit (Prop. 4 "Gann Limit") are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



October 08, 2013
Grand Terrace, CA

MANAGEMENT DISCUSSION AND ANALYSIS

The Morongo Valley Community Services District is a non-enterprise independent special district encompassing a twenty-four square mile rugged natural desert landscape providing a rural lifestyle highly valued by residents. In 1958 concerned local citizens petitioned the San Bernardino County Board of Supervisors and formed a Community Services District specifically to control fire and emergency medical services for the community.

Formation resulted in acquiring control of streetlights, parks and libraries as well as fire services, and though fire services have transitioned from volunteer to a combined agency utilizing career paid staff and reserve firefighters; the community as a whole still is largely dependent on a core group of active volunteers serving to assist in maintenance, administrative and event-driven needs for its residents and visitors.

As management of the Morongo Valley Community Services District and Fire Department (the District), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year which ended on June 30, 2013.

Financial Highlights:

- As can be viewed from the Financial Reports, assets of the Morongo Valley Community Services District exceeded its liabilities at the close of the 2012-2013 fiscal year by \$1,000,787 (Total Net Position/Net Assets of Governmental Activities). Because of deferred revenues and short term debt, the District's liabilities were \$47,044, and when added to the net assets, resulted in Total Assets of \$1,047,831. Deferred revenues are future payments due from the County of San Bernardino or the State Office of Emergency Services for assistance provided by the District for regional emergency response services.
- The District's total Revenues over the fiscal year were \$694,357 of which tax and property assessments provided a combined \$657,912 and other sources of income provided the balance. Total Expenditures over the same period were \$742,299 or \$47,942 in excess of total Revenues. This required transfers from the District's Money Market Savings Account to offset expenditures with a corollary reduction in the District's Net Position.
- While the District's Adjusted beginning Fund Balance at the start of the fiscal year was \$517,511 the Fund Balance at close of the fiscal year was \$469,569 reflecting the \$47,942 expense noted in the above statement.
- Main factors contributing to the decrease in Fund Balance were due largely to maintenance expenses incurred during the fiscal year such as replacement of an outdated hood and duct system in the community multi-purpose room kitchen, repairs to the community building septic system and rehabilitation of the adjacent leach field, replacement of a dysfunctional irrigation system for the main community softball field, and a minor remodel to District offices to incorporate both a Fire Chief's and Fire Prevention office within the existing administrative structure.
- In addition to these maintenance items, a two-year Park tree preservation and conservation program was initiated in order to reduce liabilities posed by damaged and diseased trees, while retaining bird and insect species habitat for the overall health of the trees and increased safety for park users which includes an internationally renowned birding community.

Overview of the Financial Statements

A discussion and analysis is intended to serve as an introduction to the District's basic financial statements and to explain what the statements reflect. These financial statements are comprised of three major components: **Government-wide financial statements**, various **Fund financial statements** and **Notes to the financial statements** themselves. This report provides required supplementary information intended to clarify these statements as well.

Government-wide financial statements. The statements are designed to provide readers with a broad overview of the District's finances in a manner similar to both private-sector businesses and other public governmental accounting agencies. As such, the "Business Model" statement and the "Governmental Model" statement will both reflect balanced statements; though each model will reflect District finances in a different manner. An "audit document" will reflect a Statement of Net Position which may show the net value of Capital Assets; whereas in the Governmental Funds Model Balance Sheet, Capital assets used in governmental activities are not considered as financial resources, and therefore are not reported in the funds on that particular statement.

A **statement of net assets**, presents information on all of the District's assets and liabilities, with the difference between the assets and liabilities reported as **net assets**. Over time, increases or decreases in the net assets serves as a useful indicator of whether the financial position of the District is either improving or deteriorating. Though it does not necessarily indicate why the financial position is moving in one direction or another.

A **statement of activities** on the other hand presents information showing how the District's net assets changed during the most recent fiscal year and also reflects primary governmental activities such as Fire Operations, Parks and Recreation and Street Lights. In this report, revenues and expenses are provided for some items which shall only result in cash flows in future fiscal periods; such as uncollected taxes or grants, contributions and other income which may be due at the close of the fiscal period.

The governmental activities of the District include the administration and management of all District activities for the Morongo Valley Community Services District, Morongo Valley, California. However, as required by the California State Controller's Office, the expenses of Administration and Management are not broken out separately, but rather incorporated, or wrapped into the costs to provide the services which are afforded to the community.

The **government-wide financial statements** can be found on pages 3-4 of the annual fiscal year- end audit report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Morongo Valley CSD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered to be governmental funds.

Governmental funds. Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. This information is frequently useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than the government-wide financial statements, they can be used to compare the information presented for *governmental funds* with similar information presented for the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains four individual governmental funds reflected as Fire Operations, Parks and Recreation, Street Lights and Debt Service. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for these which are considered to be major funds. These statements can be found on pages 5-7 of the annual fiscal year-end audit report.

Notes to the Financial Statements. The notes provide additional information considered essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 8-14 of the annual fiscal year-end audit report.

Other information. In addition to the basic financial statements and accompanying notes, the audit report also presents certain *required supplementary information*. The District adopts an annual appropriated budget for its general operations and any special revenue funds. A budgetary comparison statement is provided for these operations and special revenue funds to demonstrate compliance with this budgeting process. The *required supplementary information* can be found on pages 15-16 of the annual fiscal year-end audit report.

Additionally, State government code requirements provide that all local governmental agencies are required to perform a calculation of their **Appropriation Spending Limits** each year utilizing a formula which takes into account any population changes over the prior year along with changes in the cost of living for the region in which the local agency exists. This limit places a cap on the amount that a local agency may spend as financed from the proceeds of taxes. The calculation of the *appropriation spending limit* is reflected on page 17 of the annual fiscal year-end audit report.

Government-wide Financial Analysis

Table 1
STATEMENT OF NET POSITION

	2013	2012
Current and other assets	\$ 537,949	\$ 580,417
Capital assets	509,882	526,274
Total Assets	1,047,831	1,106,691
Deferred Outflows of Resources	-	-
Current liabilities	26,437	15,070
Long-term liabilities	20,607	-
Total Liabilities	47,044	15,070
Deferred Inflows of Resources	-	-
Net Position:		
Net investment in capital assets	509,882	526,274
Restricted	11,348	15,142
Unrestricted	479,557	550,205
Total Net Position	\$ 1,000,787	\$ 1,091,621

As noted earlier, net assets may serve over time as a useful indicator of a District's financial position. For the Morongo Valley CSD, total assets were reflected at \$1,047,831 and total liabilities at \$47,044 at the close of the fiscal year.

The largest portion of the District's net assets reflects capital assets such as land, buildings, apparatus, machinery or equipment. This was valued at \$509,882 less any related debt used to acquire those assets still outstanding. These debts included notes payable such as the outstanding balance due on the purchase of a Fire Command Vehicle which was financed at favorable rates through the Los Angeles Firefighter's Credit Union (\$20,607).

As the District uses these capital assets to provide services to residents; consequently these assets are not available for future spending. Though the District's investment in its capital assets is reported net of related debt, the resources (funds), needed to repay the debts must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The District's net assets also included cash in a Money Market Account and cash which is considered "restricted" in that it is earmarked for specific projects. Total cash held by financial institutions for the District amounted to \$465,331 at the close of the fiscal year. This cash is generally utilized to assist in meeting the District's ongoing obligations to residents and creditors which may occur within any fiscal cycle; the balance of these funds adds to the District's fiscal position. Some of this cash is related to unspent fees or assessments collected in current or prior years. A portion of which was collected for park improvements and additions which do not include expenses for the maintenance and operation of the District's parks.

Table 2
STATEMENT OF ACTIVITIES

	2013	2012
Revenues:		
Program Revenues:		
Charges for services	\$ 13,501	\$ 4,874
Operating grants and contributions	2,441	-
Capital grants and contributions	13,951	31,971
General Revenues:		
Property taxes	365,836	366,739
Assessments	292,076	286,528
Other	5,776	22,289
Total Revenues	693,581	712,401
Expenses:		
Fire operations	729,398	620,989
Parks and recreation	49,194	86,200
Street lights	5,645	4,074
Other	178	451
Total Expenses	784,415	711,714
Change in net position	(90,834)	687
Net Position - Beginning	1,091,621	1,090,934
Net Position - Ending	\$ 1,000,787	\$ 1,091,621

Capital Asset and Debt Administration:***Capital assets.***

There were few significant changes in capital assets and debt administration over the fiscal year. A new Fire Command Vehicle was purchased for an added value of \$32,101 to Fire Equipment Assets.

Debt administration.

Purchase of the Fire Command Vehicle resulted in an increase in the long-term debt of the District as a loan was obtained in the amount of \$27,000 at 2.99% over a 60 month period starting in March of 2013. The added debt requires a monthly payment of \$484.66 over this period of time. Debt service for a previously purchased Fire Engine was completed this fiscal year resulting in a final payment of \$1,454 for that asset.

General Fund Budgetary Highlights.

Table 3
BUDGET

	Original	Final	Variance
Revenues:			
Program Revenues:			
Charges for services	\$ 12,393	\$ 16,028	\$ 3,635
Operating grants and contributions	750	750	-
Capital grants and contributions	-	-	-
General Revenues:			-
Property taxes	365,516	362,368	(3,148)
Assessments	291,915	292,273	358
Other	4,083	4,083	-
Total Revenues	674,657	675,502	845
Expenses:			
General government	171,477	174,785	3,308
Fire operations	485,323	491,012	5,689
Parks and recreation	21,324	24,324	3,000
Street lights	4,200	4,200	-
Other	15,000	15,000	-
Total Expenses	697,324	709,321	11,997
Change in net position	(22,667)	(33,819)	(11,152)
Transfers to/from other funds	22,667	33,819	11,152
Net Position - Ending	\$ -	\$ -	\$ -

As indicated in table 3 the net position did not change there was only a shift of amounts between various line items.

Financial Analysis of the Government's Funds:

As noted previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements which include Generally Accepted Accounting Principles (GAAP), and those of the

Governmental Accounting Standards Board (GASB). These are the accepted standard setting bodies for establishment of governmental accounting and financial reporting principles.

Governmental funds. The focus of District *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the District's financing requirements. In particular, ***unreserved fund balance*** may serve as a useful measure of a District's net resources *available for spending at the end of the fiscal year*. As noted on the previous page, such cash on hand can assist in meeting the District's ongoing obligations to residents and creditors by offsetting losses of revenues or meeting unplanned needs within a fiscal cycle. Where not used, this cash on hand serves as an *unreserved fund balance* adding to the District's net fiscal position.

Unreserved fund balances can also be used by a governmental agency to designate portions of such a net balance as future ***designated reserves*** within following fiscal cycles. Sort of like a designated savings account set aside for a specific purpose. Some governmental agencies utilize *designated reserves* and identify their use to offset unplanned for emergency needs which may occur due to a localized or regional disaster such as fires, floods or other such needs. Additionally, governmental agencies may designate reserves to be used for contingencies which may occur within a current fiscal cycle, or to set aside funds to meet future *capital expenses* such as for replacement of structures, facilities or major fire apparatus and equipment. Quite commonly, agencies faced with significant cash on hand balances; designate a portion of such cash for investments in bonds or other assets which may provide available funding sources to meet future long-term needs of their agencies.

Ideally, an increase in either a *net fiscal position* or in *unreserved fund balance* from year-to-year would be a positive reflection of an agencies growth potential; or in the ability to sustain, improve or even expand services to the community as such increases occur. On the other hand, reductions in a *net fiscal position* or in *unreserved fund balance* from year-to-year could indicate a negative reflection in an agency's ability to sustain existing service needs of a community in future years unless additional sources of revenue could be generated.

At the end of the 2012-2013 fiscal year, the District's governmental funds reported combined ending fund balances of \$469,569, a decrease of \$47,942 in comparison with the prior fiscal year end. Of that balance \$456,463 constitutes an *unassigned fund balance* and potentially available for new spending in subsequent fiscal periods; the reduction over the prior fiscal year serves as an indicator that continued similar reductions from fiscal year to fiscal year is not sustainable, and would surely result in decreased service levels for the community unless additional sources of revenue can be found or fees increased to augment existing fiscal resources.

Economic Factors, Trends and Following Fiscal Year Needs

Governance for the District has recognized community priorities; and with strategic staff planning and community input has defined elements of fiscal planning to assist in preparation for the future fiscal needs to meet community service level desires. These elements include:

Emphasis on fiscal responsibility and accountability, establishment of taking a conservative approach, emphasis on establishment of stable reserves, and the need to invest in infrastructure maintenance.

Emphasis on fiscal responsibility and accountability.

Development of annual budgets reflecting anticipated expenditures within anticipated revenues and existing fund balances; while providing for contingencies, and establishment of specific funding of designated reserve accounts. Staff is committed to taking a long-term view for stabilization of fiscal resources and a need to augment such resources wherever possible.

Establishment of taking a conservative approach.

There is an acknowledgement that current economic conditions present a slow advance from a housing and economic correction which has existed for six years within the San Bernardino/Riverside County area which was hard hit due to the economic downturn.

Degradation of property values significantly impacted the District's property tax apportionment which forced a "hold-the-line" approach on services, as a slow advance in the Consumer Price Index (CPI) started to take hold. Advances in the CPI enabled a slow progression and slight gains in revenue derived from the resident approved fire suppression assessment fee over the prior year. While slow and steady, such gains will eventually enable the District to offset loss of property tax apportionment revenue until such time as the economy rebounds and property values increase.

Additional revenues acquired from service fees or property rentals added over time should also serve to offset prior loss of some of the property tax apportionment revenues.

Emphasis on establishment of stable reserves.

Future use of end-of-year *unreserved fund balances* can assist in development of **Designated Reserves** as recommended by the California Special Districts Association. This past fiscal year the Board of Directors adopted Financial Practices Guidelines providing for the intent to establish **Designated Reserve Accounts** in the upcoming fiscal year to assist in providing future stability for the District and specifically designated reserves for unanticipated emergencies, contingencies and for future capital outlay needs.

Investment in infrastructure maintenance.

When the Board of Directors adopted their Financial Practices Guidelines, they committed to having a "Reserve Study" performed in the following fiscal year which would outline the various assets owned by the District, establish their relative life cycle to determine useful lives of the components, and establish a five to thirty year funding plan to support the life cycle of the asset to include future replacement needs. Having such a fiscal plan for investment in infrastructure maintenance thus should reduce significant expenses which are commonly experienced with "deferred maintenance" and provide the ability to plan for and extend the life of any designated assets.

Economic Factors and Next Year's Budget

The District expects revenues in the 2013-2014 fiscal year to increase less than 1% over the prior year. The majority of this increase is expected to be from the resident voter approved fire assessment fee adopted in fiscal year 2007-08 providing for a modest increase tied to the experienced cost-of-living increase over the prior year. Recreation and park facilities use fees are expected to remain level or slightly increased and property tax revenues are projected to remain relatively flat as the economy slowly shifts forward.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for those who may have an interest in the governmental finances such as revenues, debt, assets and liabilities. Questions concerning any of the information provided in this report, or requests for additional financial information should be directed to the General Manager's Office of the Morongo Valley Community Services District at 11207 Ocotillo Street, P. O. Box 46, Morongo Valley, CA 92256.

For those who desire, contact may be made by telephone at 760-363-6454 to schedule an appointment with the General Manager to review any aspect of the District's financial position or the reports which have been provided.

BASIC FINANCIAL STATEMENTS

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 453,983	\$ -	\$ 453,983
Cash - restricted	11,348	-	11,348
Total cash	465,331	-	465,331
Accounts receivable	23,800	-	23,800
Prepaid insurance	1,758	-	1,758
Notes receivable	47,060	-	47,060
Capital assets (Net)	509,882	-	509,882
TOTAL ASSETS	1,047,831	-	1,047,831
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,047,831	\$ -	\$ 1,047,831
LIABILITIES			
Accounts payable	\$ 9,972	\$ -	\$ 9,972
Deferred revenue	11,348	-	11,348
Notes payable - Current	5,117	-	5,117
Notes payable - Noncurrent	20,607	-	20,607
TOTAL LIABILITIES	47,044	-	47,044
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	509,882	-	509,882
Restricted net position	11,348	-	11,348
Unrestricted net position	479,557	-	479,557
TOTAL NET POSITION	1,000,787	-	1,000,787
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 1,047,831	\$ -	\$ 1,047,831

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Gov't Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities:					
Fire operations	\$ 729,398	\$ 9,222	\$ 2,441	\$ 13,951	\$ (703,784)
Parks and recreation	49,194	4,279	-	-	(44,915)
Street lights	5,645	-	-	-	(5,645)
Interest on long-term debt	178	-	-	-	(178)
Total Governmental Activities	784,415	13,501	2,441	13,951	(754,522)
Business-type activities:	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-
Total Primary Government	\$ 784,415	\$ 13,501	\$ 2,441	\$ 13,951	(754,522)
General revenues:					
Property taxes					365,836
Assessment					292,076
Grants, contributions and other income not restricted to specific programs					2,608
Unrestricted interest income					3,168
Total General Revenues					663,688
Change in net position					(90,834)
Net position - beginning					1,091,621
Net position - ending					\$ 1,000,787

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 453,983	\$ 453,983
Cash - restricted	11,348	11,348
Accounts receivable	23,800	23,800
Prepaid insurance	1,758	1,758
TOTAL ASSETS	490,889	490,889
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 490,889	\$ 490,889
LIABILITIES		
Accounts payable	\$ 9,972	\$ 9,972
Other liabilities	11,348	11,348
TOTAL LIABILITIES	21,320	21,320
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Nonspendable:		
Prepaid expenses	1,758	1,758
Restricted for:		
General Government	11,348	11,348
Unassigned	456,463	456,463
TOTAL FUND BALANCE	469,569	469,569
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 490,889	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	509,882
Governmental funds focus on current financial resources. Accordingly, they report only those receivables that are considered potentially relevant to near-term liquidity	47,060
Governmental funds focus on current financial resources. Accordingly, they report only those liabilities that are considered potentially relevant to near-term liquidity	(25,724)
Net Assets of governmental activities	<u>\$ 1,000,787</u>

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund
REVENUES	
Tax assessments	\$ 365,836
Fire assesment	292,076
Tax revenue - homeowners' property tax relief	-
Grant income	13,951
Interest	3,168
Fire service	9,222
Park concessions	4,279
Donations	2,441
Other revenue	3,384
TOTAL REVENUES	<u>694,357</u>
EXPENDITURES	
Fire operations	657,767
Parks and recreation	77,435
Street lights	5,645
Debt service	1,452
TOTAL EXPENDITURES	<u>742,299</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(47,942)</u>
OTHER FINANCING SOURCES AND (USES)	
Transfers in from other funds	-
Transfers out to other funds	-
Net Other Financing Sources and (Uses)	<u>-</u>
Net change in fund balances	<u>(47,942)</u>
FUND BALANCE - BEGINNING OF YEAR	565,347
Adjustment to Beginning Fund Balance	<u>(47,836)</u>
Adjusted Beginning Balance	<u>517,511</u>
FUND BALANCE - END OF YEAR	<u>\$ 469,569</u>

MORONGO VALLEY COMMUNITY SERVICES DISTRICT**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds	\$	(47,942)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the amount by which depreciation exceeded capital outlays.		(43,393)
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Governmental funds report loan receivable payments as income. However, in the statement of activities the payment is applied to reduce the loan receivable principal.		(776)
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Governmental funds report loan payments as expenditures. However, in the statement of activities the payment is applied to reduce the loan principal.		1,277
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Change in net assets of governmental activities	\$	<u>(90,834)</u>
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MORONGO VALLEY COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

1. NATURE OF ORGANIZATION

Morongo Valley Community Services District, Morongo Valley, CA was incorporated August 4, 1958 under statutory authority as set forth in California Government Code Sec. 61000 et seq. The District is responsible for fire protection, parks and recreation, and street lighting.

BOARD OF DIRECTORS

President.....	Johnny Tolbert
Vice-President.....	Kristina Brook
Director of Finance.....	Glen Shepherd
Director of Legislative/Projects & Fire Commissioner.....	Michael J. Francis
Parks Commissioner.....	Chuck Osborne

ADMINISTRATION

General Manager.....	Rick Lebel
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Morongo Valley Community Services District (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District has no component units and is not a component unit of another primary government.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The general fund is the government's primary operation fund. It accounts for all financial resources of the general government, except those required to be accounted in another fund.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, service, or privileges provided, 2) operation grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Revenue

Revenue consists primarily of property tax assessments.

Federal and State Grant Revenue

Grant revenue is recognized when the program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Under provision of the District's Investment Policy, and in accordance with Section 53601 of the California Government Code, the District may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration Loans
- Negotiable Certificates of Deposits
- Bankers Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool Deposits)
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- Reverse Repurchase Agreements

Capital Assets

Capital assets includes property, equipment, and infrastructure assets (e.g. vehicles, equipment, office equipment and furniture), which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	10
Office equipment	5
Computer equipment	5

Long-Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net assets. There are no bond premiums or discounts associated with these obligations.

3. CASH AND INVESTMENTS

Cash and cash equivalents consist of the following:

	<u>Fair Value</u>
Cash in bank	\$ 453,983
Cash - restricted	11,348
Total Cash and Cash Equivalents on deposit with Financial Institutions	<u>\$ 465,331</u>

Investments Authorized by the California Government Code and the District's Investment Policy

The succeeding table identifies the **investment types** that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address **interest rate risk, credit risk, and concentration credit risk**. This table does not address investment of debt proceeds held by a bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

NOTES TO FINANCIAL STATEMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

* Excluding amounts held by a bond trustee that are not subject to California Government Code restrictions

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirement that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposit. Therefore, all cash funds of the District deposited with financial institutions are fully insured by such collateral pools.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of a mutual fund or government investment pool.

4. CAPITAL ASSETS

The following is a summary of changes in the capital fixed assets during the fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Assets:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 203,330	\$ -	\$ -	\$ 203,330
<i>Capital assets being depreciated:</i>				
Buildings and improvements	588,312	-	-	588,312
Furniture and equipment	437,564	-	-	437,564
Fire equipment	564,684	32,101	-	596,785
Total Capital Assets being depreciated	1,590,560	32,101	-	1,622,661
Accumulated Depreciation:				
Buildings and improvements	(384,620)	(16,181)	-	(400,801)
Furniture and equipment	(374,760)	(12,598)	-	(387,358)
Fire equipment	(508,236)	(19,714)	-	(527,950)
Total Accumulated Depreciation	(1,267,616)	(48,493)	-	(1,316,109)
<i>Net capital assets being depreciated</i>	322,944	(16,392)	-	306,552
Net Governmental Activities				
Capital Assets	\$ 526,274	\$ (16,392)	\$ -	\$ 509,882

5. PROPERTY TAX CALENDAR

The District's assessments are included on county property tax bills. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	March 1	
Levy date	July 1 to June 30	
Due date	November 1	- First installment
	March 1	- Second installment
Delinquent date	December 10	- First installment
	April 10	- Second installment

6. CREDIT LINE PAYABLE

The District has entered into a line of credit agreement with a bank. Under this agreement the District can borrow working capital advances up to \$200,000. The agreement requires interest only payments. As of yearend the interest rate was 9.25%. The balance as of yearend on the credit line was \$-0-.

7. LONG-TERM DEBT

The following represents the long-term debt of the District:

Chevy Tahoe: the District obtained a loan in the amount of \$27,000 on 3/11/13. The interest rate was 2.99% and required a monthly payment of \$484.66 for a 60 month period.

A summary of changes in long-term debt is as follows:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
Chevy Tahoe	\$ -	\$ 27,000	\$ (1,276)	\$ 25,724	\$ 5,117
Total	\$ -	\$ 27,000	\$ (1,276)	\$ 25,724	\$ 5,117

Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
For the year ending June 30:			
2014	\$ 5,117	\$ 699	\$ 5,816
2015	5,271	545	5,816
2016	5,432	384	5,816
2017	5,596	220	5,816
2018	4,308	54	4,362
Total	\$ 25,724	\$ 1,902	\$ 27,626

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors & omissions on natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

9. PRIOR PERIOD ADJUSTMENT

As of June 30, 2013 a prior period adjustment was required to remove notes receivable from the governmental fund accounts. The net effect on fund balance is \$47,836. It is properly shown as a reconciling item between the presentation of the governmental funds and the government-wide financial statements.

10. SUBSEQUENT EVENTS

Accounting standards require that the District assess and disclose the date and the basis for that date through which potential subsequent events have been evaluated. The date represents the date the financial statements were issued or were available to be issued. The District evaluated all potential subsequent events as of October 08, 2013, when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after the balance sheet date or as of October 08, 2013 that require disclosure in the financial statements.

11. RESTRICTED CASH

The District held restricted cash on hand at yearend. The restricted cash includes amounts received for various programs the District has, including: the tennis program, library improvements, MAPS program, and the senior nutrition program. There is also an amount included for future improvements to be made to the Mojave property owned by the District.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted amounts		Actual	
	Original	Final	Amounts	
REVENUES				
Tax revenue	\$ 365,516	\$ 362,368	\$ 365,836	\$ 3,468
Fire assesment	291,915	292,273	292,076	(197)
Tax revenue - homeowners' property tax relief	-	-	-	-
Grant income	-	-	13,951	13,951
Interest	750	750	3,168	2,418
Fire services	7,193	13,028	9,222	(3,806)
Park concessions	5,200	3,000	4,279	1,279
Donations	750	750	2,441	1,691
Other revenue	3,333	3,333	3,384	51
TOTAL REVENUES	674,657	675,502	694,357	18,855
EXPENDITURES				
General Government				
Wages and benefits	105,425	110,864	110,207	657
Operations expense	66,052	63,921	74,511	(10,590)
Total General Government	171,477	174,785	184,718	(9,933)
Fire Operations				
Wages and benefits	376,545	402,534	398,367	4,167
Operations expense	108,778	88,478	118,756	(30,278)
Total Fire Operations	485,323	491,012	517,123	(26,111)
Parks and Recreation				
Wages and benefits	-	-	-	-
Operations expense	21,324	24,324	34,767	(10,443)
Total Parks and Recreation	21,324	24,324	34,767	(10,443)
Street Lights				
Repairs and maintenance	4,200	4,200	4,237	(37)
Total Street Lights	4,200	4,200	4,237	(37)
Debt Service				
Principal expense	15,000	15,000	1,276	13,724
Interest expense	-	-	178	(178)
Total Debt Service	15,000	15,000	1,454	13,546
TOTAL EXPENDITURES	697,324	709,321	742,299	(32,978)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(22,667)	(33,819)	(47,942)	(14,123)
OTHER FINANCING SOURCES AND (USES)				
Transfers to/from other funds	22,667	33,819	-	(33,819)
Net Other Financing Sources and (Uses)	22,667	33,819	-	(33,819)
Net Change in Fund Balances	-	-	(47,942)	(47,942)
FUND BALANCE - BEGINNING	-	-	565,347	565,347
Adjustment to Beginning Fund Balance			(47,836)	(47,836)
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 469,569	\$ 469,569

SUPPLEMENTARY INFORMATION

MORONGO VALLEY COMMUNITY SERVICES DISTRICT**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****GOVERNMENTAL FUNDS****FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund			Total
	Fire	Park and	Street	Governmental
	Operations	Recreation	Lights	Funds
REVENUES				
Tax revenue	\$ 325,437	\$ 34,754	\$ 5,645	\$ 365,836
Fire assesment	292,076	-	-	292,076
Tax revenue - homeowners' property tax relief	-	-	-	-
Grant income	13,951	-	-	13,951
Interest	-	3,168	-	3,168
Fire service	9,222	-	-	9,222
Rents and concessions	-	4,279	-	4,279
Donations	1,572	869	-	2,441
Other revenue	-	3,384	-	3,384
TOTAL REVENUES	642,258	46,454	5,645	694,357
EXPENDITURES				
Salaries and wages	412,277	27,235	840	440,352
Employee benefits	57,448	10,775	-	68,223
Operations expense	188,040	39,425	4,805	232,270
Debt service	1,454	-	-	1,454
TOTAL EXPENDITURES	659,219	77,435	5,645	742,299
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(16,961)	(30,981)	-	(47,942)
OTHER FINANCING SOURCES AND (USES)				
Transfers in from other funds	-	-	-	-
Transfers out to other funds	-	-	-	-
Net Other Financing Sources and (Uses)	-	-	-	-
Net change in fund balances	(16,961)	(30,981)	-	(47,942)
FUND BALANCE - BEGINNING OF YEAR	444,693	119,316	1,338	565,347
Adjustment to Beginning Fund Balance	(47,836)	-	-	(47,836)
FUND BALANCE - END OF YEAR	\$ 379,896	\$ 88,335	\$ 1,338	\$ 469,569

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
CALCULATION OF APPROPRIATION SPENDING LIMIT (Prop. 4 "Gann Limit")
FOR THE YEAR ENDED JUNE 30, 2013

Calculation of Spending Limit:

Last Year's Limit		\$ 512,305
Adjustment Factors:		
Change in Population/City	1.0073	
2012/13 Growth Factor	x <u>1.0377</u>	
	1.0453	
Total Adjustment (Dollars)		<u>23,207</u>
New Appropriation Limit for Fiscal Year 2012-2013		<u><u>\$ 535,512</u></u>

Appropriations in Fiscal Year 2012-2013 Compared to Limit:

Proceed from Taxes	\$ 697,324
Less Exclusions	<u>(331,058)</u>
Appropriations Subject to Limitation	366,266
Appropriations Limit for FY 2012-2013	<u>535,512</u>
Amount Under Limit	<u><u>\$ 169,246</u></u>

Explanation of Gann Spending Limit:
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The Gann spending limit places a cap on the amount of local government spending that may be financed from proceeds of taxes. The limit is adjusted annually by a combined growth factor, which takes into account both inflation and population growth.

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

A. REQUIRED SUPPLEMENTARY INFORMATION

Budgets are developed consistent with generally accepted accounting principles. All annual appropriations lapse at yearend.

Budget information is presented by key government operations of the District. Encumbrances exceeded appropriations in various line items of the budget but in total did not exceed the budget.

B. SUPPLEMENTARY INFORMATION

The combining statement of revenues and expenditures reflects the revenues and expenditures of the District by key government activity in accordance with the governmental fund presentation.

MORONGO VALLEY COMMUNITY SERVICES DISTRICT



FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2014

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San Bernardino County

SM&Co
Smith Marion
& Company, LLP
Certified Public Accountants

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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Smith Marion & Company, LLP • Certified Public Accountants
Grand Terrace Office • 22365 Barton Road, Suite 108 • Grand Terrace, CA 92313 • (909) 825-6600

Board of Directors
Morongo Valley Community Services District
Morongo Valley, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Morongo Valley Community Services District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Morongo Valley Community Services District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Morongo Valley Community Services District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Morongo Valley Community Services District, as of June 30, 2014, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages *i - viii* and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morongo Valley Community Services District's basic financial statements. The Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds and Calculation of Appropriation Spending Limit (Prop. 4 "Gann Limit") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds and Calculation of Appropriation Spending Limit (Prop. 4 "Gann Limit") are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Funds and Calculation of Appropriation Spending Limit (Prop. 4 "Gann Limit") are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



October 30, 2014
Grand Terrace, CA

MANAGEMENT DISCUSSION AND ANALYSIS

The Morongo Valley Community Services District is a non-enterprise independent special district encompassing a twenty-four square mile rugged natural desert landscape providing a rural lifestyle highly valued by residents. In 1958 concerned local citizens petitioned the San Bernardino County Board of Supervisors and formed a Community Services District specifically to control fire and emergency medical services for the community.

Formation resulted in acquiring control of streetlights, parks and libraries as well as fire services, and though fire services have transitioned from volunteer to a combined agency utilizing career paid staff and reserve firefighters; the community as a whole still is largely dependent on a core group of active volunteers serving to assist in maintenance, administrative and event-driven needs for its residents and visitors.

As management of the Morongo Valley Community Services District and Fire Department (the District), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year which ended on June 30, 2014.

Financial Highlights:

- As can be viewed from the Government-Wide Financial Reports, assets of the Morongo Valley Community Services District exceeded its liabilities at the close of the 2013-2014 fiscal year by \$849,115 (Total Net Position/Net Position of Governmental Activities). Because of unearned revenues and short term debt, the District's liabilities were \$45,567, and when added to the net assets, resulted in Total Assets of \$894,682. Unearned revenues are future payments due from the County of San Bernardino or the State Office of Emergency Services for assistance provided by the District for regional emergency response services.
- The District's governmental funds total revenues over the fiscal year were \$738,663 of which tax and property assessments provided a combined \$676,974 and other sources of income provided the balance. Total Expenditures over the same period were \$851,053 or \$112,390 in excess of total expenses. This required transfers from the District's Money Market Savings Account to offset expenditures with a corollary reduction in the District's Net Position.
- While the District's beginning Fund Balance at the start of the fiscal year was \$469,569 the Fund Balance at close of the fiscal year was \$357,179 reflecting the \$112,390 excess expense noted in the above statement.
- There were many factors contributing to the decrease in fund balance this year. The largest factor was the increase in minimum wage. This one factor alone, created a \$50,000 addition to the Fire Budget that was not anticipated. Other Fire Department factors affecting the budget were escalating costs associated with the paramedics; the cost of medication increased in many cases over double what we have paid in the past. Other increases were; the cost of the uniforms and gear we provide, the cost of equipment and maintenance of the fire apparatus, and the cost of fuel.
- On the CSD side of the budget, one of the main contributing factors was a 68 page report from our insurance carrier SDRMA detailing compliance issues with Workers Compensation, Liability loss control and OSHA. We brought everything into compliance that was detailed on the report, and many of the items had a cost associated with them; electrical issues, fencing, signs, and repair work. On the plus side of the CSD costs, the General Manager took a \$14,000 reduction in pay.

Overview of the Financial Statements

A discussion and analysis is intended to serve as an introduction to the District's basic financial statements and to explain what the statements reflect. These financial statements are comprised of three major components: **Government-wide financial statements**, various **Fund financial statements** and **Notes to the financial statements** themselves. This report provides required supplementary information intended to clarify these statements as well.

Government-wide financial statements. The statements are designed to provide readers with a broad overview of the District's finances in a manner similar to both private-sector businesses and other public governmental accounting agencies. As such, the "Business Model" statement and the "Governmental Model" statement will both reflect balanced statements; though each model will reflect District finances in a different manner. An "audit document" will reflect a Statement of Net Position which may show the net value of Capital Assets; whereas in the Governmental Funds Model Balance Sheet, Capital assets used in governmental activities are not considered as financial resources, and therefore are not reported in the funds on that particular statement.

A **statement of net position**, presents information on all of the District's assets and liabilities, with the difference between the assets and liabilities reported as **net position**. Over time, increases or decreases in the net assets serves as a useful indicator of whether the financial position of the District is either improving or deteriorating. Though it does not necessarily indicate why the financial position is moving in one direction or another.

A **statement of activities** on the other hand presents information showing how the District's net position changed during the most recent fiscal year and also reflects primary governmental activities such as Fire Operations, Parks and Recreation and Street Lights. In this report, revenues and expenses are provided for some items which shall only result in cash flows in future fiscal periods; such as uncollected taxes or grants, contributions and other income which may be due at the close of the fiscal period.

The governmental activities of the District include the administration and management of all District activities for the Morongo Valley Community Services District, Morongo Valley, California. However, as required by the California State Controller's Office, the expenses of Administration and Management are not broken out separately, but rather incorporated, or wrapped into the costs to provide the services which are afforded to the community.

The **government-wide financial statements** can be found on pages 3-4 of the annual fiscal year- end audit report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities of objectives. The Morongo Valley CSD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered to be governmental funds.

Governmental funds. Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. This information is frequently useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than the government-wide financial statements, they can be used to compare the information presented for *governmental funds* with similar information presented for the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains four individual governmental funds reflected as Fire Operations, Parks and Recreation, Street Lights and Debt Service. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for these which are considered to be major funds. These statements can be found on pages 5-7 of the annual fiscal year-end audit report.

Notes to the Financial Statements. The notes provide additional information considered essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 8-14 of the annual fiscal year-end audit report.

Other information. In addition to the basic financial statements and accompanying notes, the audit report also presents certain *required supplementary information*. The District adopts an annual appropriated budget for its general operations and any special revenue funds. A budgetary comparison statement is provided for these operations and special revenue funds to demonstrate compliance with this budgeting process. The *required supplementary information* can be found on pages 15 of the annual fiscal year-end audit report.

Additionally, State government code requirements provide that all local governmental agencies are required to perform a calculation of their **Appropriation Spending Limits** each year utilizing a formula which takes into account any population changes over the prior year along with changes in the cost of living for the region in which the local agency exists. This limit places a cap on the amount that a local agency may spend as financed from the proceeds of taxes. The calculation of the *appropriation spending limit* is reflected on page 17 of the annual fiscal year-end audit report.

Table 1
STATEMENT OF NET POSITION

	2014	2013
Current and other assets	\$ 428,361	\$ 537,949
Capital assets	466,321	509,882
Total Assets	894,682	1,047,831
Deferred Outflows of Resources	-	-
Current liabilities	30,231	26,437
Long-term liabilities	15,336	20,607
Total Liabilities	45,567	47,044
Deferred Inflows of Resources	-	-
Net Position:		
Net investment in capital assets	466,321	509,882
Restricted	13,569	11,348
Unrestricted	369,225	479,557
Total Net Position	\$ 849,115	\$ 1,000,787

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. For the Morongo Valley CSD, total assets were reflected at \$894,682 and total liabilities at \$45,567 at the close of the fiscal year.

The largest portion of the District's net position reflects capital assets such as land, buildings, apparatus, machinery or equipment. This was valued net of depreciation at \$466,321 less any related debt used to acquire those assets still outstanding. These debts included notes payable such as the outstanding balance due on the purchase of a Fire Command Vehicle which was financed at favorable rates through the Los Angeles Firefighter's Credit Union (\$20,607).

As the District uses these capital assets to provide services to residents; consequently these assets are not available for future spending. Though the District's investment in its capital assets is reported net of related debt, the resources (funds), needed to repay the debts must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The District's net position also included cash in a Money Market Account and cash which is considered "restricted" in that it is earmarked for specific projects. Total cash held by financial institutions for the District amounted to \$349,632 at the close of the fiscal year. This cash is generally utilized to assist in meeting the District's ongoing obligations to residents and creditors which may occur within any fiscal cycle; the balance of these funds adds to the District's fiscal position. Some of this cash is related to unspent fees or assessments collected in current or prior years. A portion of which was collected for park improvements and additions which do not include expenses for the maintenance and operation of the District's parks.

Table 2
STATEMENT OF ACTIVITIES

	2014	2013
Revenues:		
Program Revenues:		
Charges for services	\$ 34,880	\$ 13,501
Operating grants and contributions	11,692	2,441
Capital grants and contributions	11,516	13,951
General Revenues:		
Property taxes	363,061	365,836
Assessments	313,913	292,076
Other	2,763	5,776
Total Revenues	737,825	693,581
Expenses:		
Fire operations	795,807	729,398
Parks and recreation	88,911	49,194
Street lights	4,080	5,645
Other	699	178
Total Expenses	889,497	784,415
Change in net position	(151,672)	(90,834)
Net Position - Beginning	1,000,787	1,091,621
Net Position - Ending	\$ 849,115	\$ 1,000,787

Capital Asset and Debt Administration:

Capital assets.

There were no significant changes in capital assets and debt administration over the fiscal year.

Debt administration.

Purchase of the Fire Command Vehicle resulted in an increase in the long-term debt of the District as a loan was obtained in the amount of \$27,000 at 2.99% over a 60 month period starting in March of 2013. The added debt requires a monthly payment of \$484 over this period of time.

General Fund Budgetary Highlights.**Table 3
BUDGET**

	Original	Final	Variance
Revenues:			
Program Revenues:			
Charges for services	\$ 7,900	\$ 7,900	\$ -
Operating grants and contributions	1,600	1,600	-
Capital grants and contributions	-	-	-
General Revenues:			
Property taxes	362,362	362,362	-
Assessments	298,000	298,000	-
Other	3,583	3,583	-
Total Revenues	673,445	673,445	-
Expenses:			
General government	159,324	159,324	-
Fire operations	523,261	523,261	-
Parks and recreation	53,066	53,066	-
Street lights	4,200	4,200	-
Other	6,000	6,000	-
Total Expenses	745,851	745,851	-
Change in net position	(72,406)	(72,406)	-
Transfers to/from other funds	72,406	72,406	-
Net Position - Ending	\$ -	\$ -	\$ -

As indicated in table 3 the net position did not change there was only a shift of amounts between various line items.

Financial Analysis of the Government's Funds:

As noted previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements which include Generally Accepted Accounting Principles (GAAP), and those of the Governmental Accounting Standards Board (GASB). These are the accepted standard setting bodies for establishment of governmental accounting and financial reporting principles.

Governmental funds. The focus of District *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the District's financing requirements. In particular, **unreserved fund balance** may serve as a useful measure of a District's net resources *available for spending at the end of the fiscal year*. As noted on the previous page, such cash on hand can assist in meeting the District's ongoing obligations to residents and creditors by offsetting losses of revenues or meeting unplanned needs within a fiscal cycle. Where not used, this cash on hand serves as an *unreserved fund balance* adding to the District's net fiscal position.

Unreserved fund balances can also be used by a governmental agency to designate portions of such a net balance as future **designated reserves** within following fiscal cycles. Sort of like a designated savings account set aside for a specific purpose. Some governmental agencies utilize *designated reserves* and identify their

use to offset unplanned for emergency needs which may occur due to a localized or regional disaster such as fires, floods or other such needs. Additionally, governmental agencies may designate reserves to be used for contingencies which may occur within a current fiscal cycle, or to set aside funds to meet future *capital expenses* such as for replacement of structures, facilities or major fire apparatus and equipment. Quite commonly, agencies faced with significant cash on hand balances; designate a portion of such cash for investments in bonds or other assets which may provide available funding sources to meet future long-term needs of their agencies.

Ideally, an increase in either a *net fiscal position* or in *unreserved fund balance* from year-to-year would be a positive reflection of an agencies growth potential; or in the ability to sustain, improve or even expand services to the community as such increases occur. On the other hand, reductions in a *net fiscal position* or in *unreserved fund balance* from year-to-year could indicate a negative reflection in an agency's ability to sustain existing service needs of a community in future years unless additional sources of revenue could be generated.

At the end of the 2013-2014 fiscal year, the District's governmental funds reported combined ending fund balances of \$357,149, a decrease of \$112,390 in comparison with the prior fiscal year end. Of that balance \$341,941 constitutes an *unassigned fund balance* and potentially available for new spending in subsequent fiscal periods; the reduction over the prior fiscal year serves as an indicator that continued similar reductions from fiscal year to fiscal year is not sustainable, and would surely result in decreased service levels for the community unless additional sources of revenue can be found or fees increased to augment existing fiscal resources.

Economic Factors, Trends and Following Fiscal Year Needs

Governance for the District has recognized community priorities; and with strategic staff planning and community input has defined elements of fiscal planning to assist in preparation for the future fiscal needs to meet community service level desires. These elements include:

Emphasis on fiscal responsibility and accountability, establishment of taking a conservative approach, emphasis on establishment of stable reserves, and the need to invest in infrastructure maintenance.

Emphasis on fiscal responsibility and accountability.

Development of annual budgets reflecting anticipated expenditures within anticipated revenues and existing fund balances; while providing for contingencies, and establishment of specific funding of designated reserve accounts. Staff is committed to taking a long-term view for stabilization of fiscal resources and a need to augment such resources wherever possible.

Establishment of taking a conservative approach.

There is an acknowledgement that current economic conditions present a slow advance from a housing and economic correction which has existed for six years within the San Bernardino/Riverside County area which was hard hit due to the economic downturn.

Degradation of property values significantly impacted the District's property tax apportionment which forced a "hold-the-line" approach on services, as a slow advance in the Consumer Price Index (CPI) started to take hold. Advances in the CPI enabled a slow progression and slight gains in revenue derived from the resident approved fire suppression assessment fee over the prior year. While slow and steady, such gains will eventually enable the District to offset loss of property tax apportionment revenue until such time as the economy rebounds and property values increase.

Additional revenues acquired from service fees or property rentals added over time should also serve to offset prior loss of some of the property tax apportionment revenues.

Emphasis on establishment of stable reserves.

Future use of end-of-year *unreserved fund balances* can assist in development of ***Designated Reserves*** as recommended by the California Special Districts Association. This past fiscal year the Board of Directors adopted Financial Practices Guidelines providing for the intent to establish ***Designated Reserve Accounts*** in the upcoming fiscal year to assist in providing future stability for the District and specifically designated reserves for unanticipated emergencies, contingencies and for future capital outlay needs.

Investment in infrastructure maintenance.

When the Board of Directors adopted their Financial Practices Guidelines, they committed to having a "Reserve Study" performed in the following fiscal year which would outline the various assets owned by the District, establish their relative life cycle to determine useful lives of the components, and establish a five to thirty year funding plan to support the life cycle of the asset to include future replacement needs. Having such a fiscal plan for investment in infrastructure maintenance thus should reduce significant expenses which are commonly experienced with "deferred maintenance" and provide the ability to plan for and extend the life of any designated assets.

Economic Factors and Next Year's Budget

The District expects revenues in the 2014-2015 fiscal year to increase less than 1% over the prior year. The majority of this increase is expected to be from the resident voter approved fire assessment fee adopted in fiscal year 2007-08 providing for a modest increase tied to the experienced cost-of-living increase over the prior year. Recreation and park facilities use fees are expected to remain level or slightly increased and property tax revenues are projected to remain relatively flat as the economy slowly shifts forward.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for those who may have an interest in the governmental finances such as revenues, debt, assets and liabilities. Questions concerning any of the information provided in this report, or requests for additional financial information should be directed to the General Manager's Office of the Morongo Valley Community Services District at 11207 Ocotillo Street, P. O. Box 46, Morongo Valley, CA 92256.

For those who desire, contact may be made by telephone at 760-363-6454 to schedule an appointment with the General Manager to review any aspect of the District's financial position or the reports which have been provided.

BASIC FINANCIAL STATEMENTS

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 336,063	\$ -	\$ 336,063
Cash - restricted	13,569	-	13,569
Total cash	349,632	-	349,632
Accounts receivable	30,838	-	30,838
Prepaid insurance	1,669	-	1,669
Notes receivable	46,222	-	46,222
Capital assets (Net)	466,321	-	466,321
TOTAL ASSETS	894,682	-	894,682
 DEFERRED OUTFLOWS OF RESOURCES	 -	 -	 -
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 894,682	\$ -	\$ 894,682
 LIABILITIES			
Accounts payable	\$ 11,391	\$ -	\$ 11,391
Unearned revenue	13,569	-	13,569
Notes payable - Current	5,271	-	5,271
Notes payable - Noncurrent	15,336	-	15,336
TOTAL LIABILITIES	45,567	-	45,567
 DEFERRED INFLOWS OF RESOURCES	 -	 -	 -
 NET POSITION			
Net investment in capital assets	466,321	-	466,321
Restricted net position	13,569	-	13,569
Unrestricted net position	369,225	-	369,225
TOTAL NET POSITION	\$ 849,115	\$ -	\$ 849,115

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs Primary Government	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Gov't Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Fire operations	\$ 777,928	\$ 25,482	\$ 9,992	\$ 11,516	\$ (730,938)
Parks and recreation	106,084	9,398	1,700	-	(94,986)
Street lights	4,786	-	-	-	(4,786)
Interest on long-term debt	699	-	-	-	(699)
Total Governmental Activities	889,497	34,880	11,692	11,516	(831,409)
Business-type activities:	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-
Total Primary Government	\$ 889,497	\$ 34,880	\$ 11,692	\$ 11,516	(831,409)

General revenues:

Property taxes	363,061
Assessment	313,913
Grants, contributions and other income not restricted to specific programs	2,546
Unrestricted interest income	217
Total General Revenues	679,737
Change in net position	(151,672)
Net position - beginning	1,000,787
Net position - ending	\$ 849,115

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 336,063	\$ 336,063
Cash - restricted	13,569	13,569
Accounts receivable	30,838	30,838
Prepaid insurance	1,669	1,669
TOTAL ASSETS	382,139	382,139
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 382,139	\$ 382,139
LIABILITIES		
Accounts payable	\$ 11,391	\$ 11,391
Other liabilities	13,569	13,569
TOTAL LIABILITIES	24,960	24,960
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Nonspendable:		
Prepaid expenses	1,669	1,669
Restricted for:		
General Government	13,569	13,569
Unassigned	341,941	341,941
TOTAL FUND BALANCE	357,179	357,179
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 382,139	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds Governmental funds focus on current financial resources.	466,321
Accordingly, they report only those receivables that are considered potentially relevant to near-term liquidity Governmental funds focus on current financial resources.	46,222
Accordingly, they report only those liabilities that are considered potentially relevant to near-term liquidity	(20,607)
Net Position of governmental activities	<u>\$ 849,115</u>

MORONGO VALLEY COMMUNITY SERVICES DISTRICT**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund
REVENUES	
Tax assessments	\$ 363,061
Fire assesment	313,913
Tax revenue - homeowners' property tax relief	-
Grant income	11,516
Interest	217
Fire service	25,482
Park concessions	9,398
Donations	11,692
Other revenue	3,384
TOTAL REVENUES	738,663
EXPENDITURES	
Fire operations	734,367
Parks and recreation	106,084
Street lights	4,786
Debt service	5,816
TOTAL EXPENDITURES	851,053
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(112,390)
OTHER FINANCING SOURCES AND (USES)	
Transfers in from other funds	-
Transfers out to other funds	-
Net Other Financing Sources and (Uses)	-
Net change in fund balances	(112,390)
FUND BALANCE - BEGINNING OF YEAR	469,569
FUND BALANCE - END OF YEAR	\$ 357,179

MORONGO VALLEY COMMUNITY SERVICES DISTRICT**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds	\$	(112,390)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the amount by which depreciation exceeded capital outlays.		(43,561)
--	--	----------

Governmental funds report loan receivable payments as income. However, in the statement of activities the payment is applied to reduce the loan receivable principal.		(838)
---	--	-------

Governmental funds report loan payments as expenditures. However, in the statement of activities the payment is applied to reduce the loan principal.		5,117
Change in net position of governmental activities	\$	<u>(151,672)</u>

MORONGO VALLEY COMMUNITY SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1. NATURE OF ORGANIZATION

Morongo Valley Community Services District, Morongo Valley, CA was incorporated August 4, 1958 under statutory authority as set forth in California Government Code Sec. 61000 et seq. The District is responsible for fire protection, parks and recreation, and street lighting.

BOARD OF DIRECTORS

President.....	Johnny Tolbert
Vice-President.....	Kristina Brook
Director of Finance.....	Karen Lowe
Director of Legislative/Projects & Fire Commissioner.....	Gayle Swarat
Parks Commissioner.....	Chuck Osborne

ADMINISTRATION

General Manager.....	Donna Munoz
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Morongo Valley Community Services District (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District has no component units and is not a component unit of another primary government.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligible requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The general fund is the government's primary operation fund. It accounts for all financial resources of the general government, except those required to be accounted in another fund.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, service, or privileges provided, 2) operation grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Revenue

Revenue consists primarily of property tax assessments.

Federal and State Grant Revenue

Grant revenue is recognized when the program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Under provision of the District's Investment Policy, and in accordance with Section 53601 of the California Government Code, the District may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration Loans
- Negotiable Certificates of Deposits
- Bankers Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool Deposits)
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- Reverse Repurchase Agreements

Capital Assets

Capital assets includes property, equipment, and infrastructure assets (e.g. vehicles, equipment, office equipment and furniture), which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	10
Office equipment	5
Computer equipment	5

Long-Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. There are no bond premiums or discounts associated with these obligations.

3. CASH AND INVESTMENTS

Cash and cash equivalents consist of the following:

	<u>Fair Value</u>
Cash in bank	\$ 336,063
Cash - restricted	13,569
Total Cash and Cash Equivalents on deposit with Financial Institutions	<u>\$ 349,632</u>

Investments Authorized by the California Government Code and the District's Investment Policy

The succeeding table identifies the **investment types** that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address **interest rate risk, credit risk, and concentration credit risk**. This table does not address investment of debt proceeds held by a bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

* Excluding amounts held by a bond trustee that are not subject to California Government Code restrictions

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirement that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposit. Therefore, all cash funds of the District deposited with financial institutions are fully insured by such collateral pools.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of a mutual fund or government investment pool.

4. CAPITAL ASSETS

The following is a summary of changes in the capital assets during the fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Assets:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 203,330	\$ -	\$ -	\$ 203,330
<i>Capital assets being depreciated:</i>				
Buildings and improvements	588,312	-	-	588,312
Furniture and equipment	437,564	-	-	437,564
Fire equipment	596,785	-	-	596,785
Total Capital Assets being depreciated	1,622,661	-	-	1,622,661
Accumulated Depreciation:				
Buildings and improvements	(400,801)	(16,182)	-	(416,983)
Furniture and equipment	(387,358)	(12,598)	-	(399,956)
Fire equipment	(527,950)	(14,781)	-	(542,731)
Total Accumulated Depreciation	(1,316,109)	(43,561)	-	(1,359,670)
<i>Net capital assets being depreciated</i>	306,552	(43,561)	-	262,991
Net Governmental Activities				
Capital Assets	\$ 509,882	\$ (43,561)	\$ -	\$ 466,321

5. PROPERTY TAX CALENDAR

The District's assessments are included on county property tax bills. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	March 1	
Levy date	July 1 to June 30	
Due date	November 1	- First installment
	March 1	- Second installment
Delinquent date	December 10	- First installment
	April 10	- Second installment

6. CREDIT LINE PAYABLE

The District has entered into a line of credit agreement with a bank. Under this agreement the District can borrow working capital advances up to \$200,000. The agreement requires interest only payments. As of yearend the interest rate was 9.25%. The balance as of yearend on the credit line was \$-0-.

7. LONG-TERM DEBT

The following represents the long-term debt of the District:

Chevy Tahoe: the District obtained a loan in the amount of \$27,000 on 3/11/13. The interest rate was 2.99% and required a monthly payment of \$484 for a 60 month period.

A summary of changes in long-term debt is as follows:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
Chevy Tahoe	\$ -	\$ 25,724	\$ (5,117)	\$ 20,607	\$ 5,117
Total	\$ -	\$ 25,724	\$ (5,117)	\$ 20,607	\$ 5,117

Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
For the year ending June 30:			
2015	\$ 5,271	\$ 545	\$ 5,816
2016	5,432	384	5,816
2017	5,596	220	5,816
2018	4,308	54	4,362
2019			-
Total	\$ 20,607	\$ 1,203	\$ 21,810

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors & omissions on natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

9. RESTRICTED CASH

The District held restricted cash on hand at yearend. The restricted cash includes amounts received for various programs the District has, including: the tennis program, library improvements, MAPS program, and the senior nutrition program. There is also an amount included for future improvements to be made to the Mojave property owned by the District.

10. NOTES RECEIVABLE

The District sold property on September 29, 2009 for cash and an installment note in the amount of \$50,000. The note requires an annual payment of \$3,333 on July 1 each year, continuing until July 1, 2040 at which time any remaining balance is due and payable. Interest rate is 5.3050%.

Annual notes receivable maturities are as follows:

	Principal	Interest	Total
For the year ending June 30:			
2015	\$ 960	\$ 2,374	\$ 3,334
2016	979	2,355	3,334
2017	1,031	2,303	3,334
2018	1,085	2,249	3,334
2019	1,043	2,291	3,334
Thereafter	41,124	25,217	66,341
Total	\$ 46,222	\$ 36,789	\$ 83,011

11. SUBSEQUENT EVENTS

Accounting standards require that the District assess and disclose the date and the basis for that date through which potential subsequent events have been evaluated. The date represents the date the financial statements were issued or were available to be issued. The District evaluated all potential subsequent events as of October 30, 2014, when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after the balance sheet date or as of October 30, 2014 that require disclosure in the financial statements.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted amounts		Actual Amounts	
	Original	Final		
REVENUES				
Tax revenue	\$ 362,362	\$ 362,362	\$ 363,061	\$ 699
Fire assesment	298,000	298,000	313,913	15,913
Tax revenue - homeowners' property tax relief	-	-	-	-
Grant income	-	-	11,516	11,516
Interest	250	250	217	(33)
Fire services	3,900	3,900	25,482	21,582
Park concessions	4,000	4,000	9,398	5,398
Donations	1,600	1,600	11,692	10,092
Other revenue	3,333	3,333	3,384	51
TOTAL REVENUES	673,445	673,445	738,663	65,218
EXPENDITURES				
General Government				
Wages and benefits	86,472	86,472	76,564	9,908
Operations expense	72,852	72,852	49,531	23,321
Total General Government	159,324	159,324	126,095	33,229
Fire Operations				
Wages and benefits	416,571	416,571	448,411	(31,840)
Operations expense	106,690	106,690	176,291	(69,601)
Total Fire Operations	523,261	523,261	624,702	(101,441)
Parks and Recreation				
Wages and benefits	20,016	20,016	36,046	(16,030)
Operations expense	33,050	33,050	54,314	(21,264)
Total Parks and Recreation	53,066	53,066	90,360	(37,294)
Street Lights				
Repairs and maintenance	4,200	4,200	4,080	120
Total Street Lights	4,200	4,200	4,080	120
Debt Service				
Principal expense	-	-	5,117	(5,117)
Interest expense	6,000	6,000	699	5,301
Total Debt Service	6,000	6,000	5,816	184
TOTAL EXPENDITURES	745,851	745,851	851,053	(105,202)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(72,406)	(72,406)	(112,390)	(39,984)
OTHER FINANCING SOURCES AND (USES)				
Transfers to/from other funds	72,406	72,406	-	(72,406)
Net Other Financing Sources and (Uses)	72,406	72,406	-	(72,406)
Net Change in Fund Balances	-	-	(112,390)	(112,390)
FUND BALANCE - BEGINNING	-	-	469,569	469,569
Adjustment to Beginning Fund Balance	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 357,179	\$ 357,179

SUPPLEMENTARY INFORMATION

MORONGO VALLEY COMMUNITY SERVICES DISTRICT**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****GOVERNMENTAL FUNDS****FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund			Total
	Fire	Park and	Street	Governmental
	Operations	Recreation	Lights	Funds
REVENUES				
Tax revenue	\$ 266,673	\$ 91,602	\$ 4,786	\$ 363,061
Fire assesment	313,913	-	-	313,913
Tax revenue - homeowners' property tax relief	-	-	-	-
Grant income	11,516	-	-	11,516
Interest	217	-	-	217
Fire service	25,482	-	-	25,482
Rents and concessions	-	9,398	-	9,398
Donations	9,992	1,700	-	11,692
Other revenue	-	3,384	-	3,384
TOTAL REVENUES	627,793	106,084	4,786	738,663
EXPENDITURES				
Salaries and wages	441,253	35,268	364	476,885
Employee benefits	73,745	10,325	64	84,134
Operations expense	219,369	60,491	4,358	284,218
Debt service	5,816	-	-	5,816
TOTAL EXPENDITURES	740,183	106,084	4,786	851,053
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(112,390)	-	-	(112,390)
OTHER FINANCING SOURCES AND (USES)				
Transfers in from other funds	-	-	-	-
Transfers out to other funds	-	-	-	-
Net Other Financing Sources and (Uses)	-	-	-	-
Net change in fund balances	(112,390)	-	-	(112,390)
FUND BALANCE - BEGINNING OF YEAR	379,896	88,335	1,338	469,569
FUND BALANCE - END OF YEAR	\$ 267,506	\$ 88,335	\$ 1,338	\$ 357,179

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
CALCULATION OF APPROPRIATION SPENDING LIMIT (Prop. 4 "Gann Limit")
FOR THE YEAR ENDED JUNE 30, 2014

Calculation of Spending Limit:

Last Year's Limit		\$ 535,511
Adjustment Factors:		
Change in Population/City	1.0079	
Growth Factor	x 1.0512	
	1.0595	
Total Adjustment (Dollars)		<u>31,863</u>
New Appropriation Limit for Fiscal Year 2013-2014		<u><u>\$ 567,374</u></u>

Appropriations in Fiscal Year 2013-2014 Compared to Limit:

Proceed from Taxes	\$ 688,910
Less Exclusions	<u>(312,600)</u>
Appropriations Subject to Limitation	376,310
Appropriations Limit for FY 2012-2013	<u>567,374</u>
Amount Under Limit	<u><u>\$ 191,064</u></u>

Explanation of Gann Spending Limit:
--

The Gann spending limit places a cap on the amount of local government spending that may be financed from proceeds of taxes. The limit is adjusted annually by a combined growth factor, which takes into account both inflation and population growth.

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

A. REQUIRED SUPPLEMENTARY INFORMATION

Budgets are developed consistent with generally accepted accounting principles. All annual appropriations lapse at yearend.

Budget information is presented by key government operations of the District. Encumbrances exceeded appropriations in various line items of the budget but in total did not exceed the budget.

B. SUPPLEMENTARY INFORMATION

The combining statement of revenues and expenditures reflects the revenues and expenditures of the District by key government activity in accordance with the governmental fund presentation.

FY 2015-16 Adopted Budget

Attachment 3

MORONGO VALLEY COMMUNITY SERVICES DISTRICT AND FIRE DEPARTMENT



FINAL BUDGET 2015-2016

11207 Ocotillo Street Morongo Valley, CA 92256 760-363-6454

mvczd@roadrunner.com

MORONGO VALLEY COMMUNITY SERVICES DISTRICT

ELECTED AND APPOINTED OFFICIALS

ELECTED OFFICIALS

Johnny Tolbert, Board President

Kristina Brook, Board Vice President

Karen Lowe, Board Director

Chuck Osborne, Board Director

Gayl Swarat, Board Director

APPOINTED OFFICIALS

Donna Munoz, General Manager

Jock T. Johnson, Fire Chief

Steven M. Kennedy, Legal Counsel

Morongo Valley Community Services District

2015-2016 Final Budget Analysis and Discussion

Background

In 1958 the voters approved the formation of the Morongo Valley Community Services District. (MVCSD) The CSD is an independent special district with a five-member elected at large board and operates under Community Services District law, Government Code Section 61000 et seq. The CSD is authorized by LAFCO to provide the functions of fire protection, park and recreation, library service and street lighting.

Analysis

The MVCSD Board has adopted a balanced budget using the funds we anticipate to be generated from property taxes and the fire suppression district assessment. We understand that the budget adopted does not give us any room for extraordinary circumstances such as engine breakdown or major repairs to buildings. We do have a substantial reserve account to address these issues if necessary.

This year, in a cost saving measure, we closed the children's library due to non-use.

Although we anticipate the addition of strike team money and grand funds, the CSD Board and General Manager are confident that this Budget is a solid, workable document, with no "fluff" or "pie-in-the-sky" built in.

Morongo Valley C.S.D.
Final Budget
 July 2015 through June 2016

22

	2015-2016 Budget
Ordinary Income/Expense	
Income	
4000 • County Taxes	
4001 • Countywide & Unitary Accrued	\$369,482
4006 • Fire Suppression Assessment	\$302,932
Total 4000 • County Taxes	\$672,414
4100 • CSD	
4101 • Community Donations	\$0
4105 • Interest	\$0
4107 • Note Payments	\$3,334
4190 • Income - Other	\$0
Total 4100 • CSD	\$3,334
4200 • FIRE SERVICES	
4290 • Income - Other	\$0
4291 • Donations	\$0
4293 • OES Reimbursement	\$22,000
4294 • Cost Recovery - Reimbursement	\$4,000
4296 • Fire Inspections	\$2,400
Total 4200 • FIRE SERVICES	\$28,400
4300 • COVINGTON PARK	
4310 • Rents & Concessions	\$5,000
4390 • Income - Other	\$0
Total 4300 • COVINGTON PARK	\$5,000
4700 • Grant Income	
4701 • Reimbursable Expenditures	\$10,000
Total 4700 • Grant Income	\$10,000
Total Income	\$719,148
Gross Profit	\$719,148
Expense	
5006 • Fire Operations	
Operating Supplies	
5252 • Fire Prevention Services	\$1,500
5265 • Paramedic Supply & Equipment	\$10,000
5275 • OES & Mutual Aid Expense	\$0
5285 • Disaster Preparedness	\$150
Total Operating Supplies	\$11,650
Training & Safety	
5247 • Physicals & Vaccinations	\$4,000
5249 • Firefighter Personal Equipment	\$5,500
5250 • Firefighter Training Expense	\$3,000
5256 • Uniforms	\$4,500
Total Training & Safety	\$17,000

Morongo Valley C.S.D.**Final Budget**

July 2015 through June 2016

2015-2016

Budget

Administration

5225 · County Dispatch	\$7,800
5227 · Communicatons	\$2,500
5237 · Inspections ICEMA/Zoll	\$2,800
5245 · Other Expense-Recruitment	\$100
5260 · Building Maintenance	\$2,000
5280 · Medical Director	\$5,000
5290 · Special Assessment	\$2,750
5295 · Office Equipment	\$1,000
5296 · Office Expenses & Supplies	\$1,300
5297 · Supplies	\$2,500
5298 · Memberships & Associations	\$900
Total Administration	\$28,650

Apparatus

5234 · Apparatus\Equipment Purchased	\$7,750
5235 · Apparatus Gasoline	\$15,000
5241 · Fire Engine Maint. & Repair	
BE 462 · Brush Engine 462	
BE461 · Brush Engine 461	
E462 · Fire Engine 462	
ME461 · Medic Engine 461	
WT461 · Water Tender 461	
WT462 · Water Tender 462	
Total 5241 · Fire Engine Maint. & Repair	\$20,000
5243 · Yearly Equipment Testing	\$7,950
5244 · Radio Equipment	\$3,250
5293 · Command Vehicle	
C5200 · 2013 Tahoe	
C5201 · Tahoe	
Total 5293 · Command Vehicle	\$3,400
Total Apparatus	\$57,350

Compensation

5203 · Compensation - Paramedics	\$105,456
5204 · Compensation - Engineers	\$109,254
5205 · OES & Mutual Aid	\$11,000
5206 · Compensation - Dep Chief	\$46,703
5207 · Compensation - Chief	\$53,011
5209 · Payroll Taxes	\$28,963
5215 · Worker's Comp. Ins.	\$39,955
5219 · Employee Benefits	\$20,800
5230 · Subsistance Pay Reserves	\$18,200
5232 · EMS Coordinator	\$13,116
Total Compensation	\$446,458

Total 5006 · Fire Operations

\$561,108

Morongo Valley C.S.D.
Final Budget
July 2015 through June 2016

2015-2016
Budget

5005 · Wages & Benefits	
5002 · Wages - Administrative	\$36,000
5003 · Wages - Support Staff	\$8,590
5004 · Wages - Parks	\$23,400
5015 · Payroll Taxes - Employer	\$6,937
5018 · CSD Workers Comp.	\$5,691
5019 · Employee Benefits	\$3,906
Total 5005 · Wages & Benefits	<u>\$84,524</u>
5000 · Administration	
5071 · Repair and Maintenance	
5320 · CP Equipment	\$2,000
5365 · CP Buildings	\$2,000
5370 · CP Grounds	\$2,400
5371 · Ball Park	\$0
5375 · Gasoline	\$1,050
5377 · Mojave Property	\$0
Total 5071 · Repair and Maintenance	<u>\$7,450</u>
5070 · Insurance-General	\$15,500
5080 · Office Expense	
5065 · Postage	\$400
5068 · Printing/Copies	\$1,500
5073 · Legal & Professional Expense	\$1,800
5074 · Internet Service	\$840
5075 · Publications & Education	\$400
5076 · Memberships	\$1,530
5077 · Registar of Voters Expense	\$1,000
5078 · Meeting Expense	\$200
5081 · Office Equip & Maintenance	\$1,200
5082 · Bank Charges	\$250
5083 · Expenses & Supplies	\$680
5099 · Other Expenses	
Total 5080 · Office Expense	<u>\$9,800</u>
5085 · Auditing/Accounting	\$13,700
5090 · Children's Programs	\$200
0365 · Dollar A Day Program Expense	\$0
5096 · Street Lights	\$4,000
5100 · Utilities	
5052 · 5252 Water	\$2,800
5053 · 5053 Electricity	\$8,000
5054 · 5054 Gas	\$2,000
5060 · 5060 Telephone	\$4,250
5354 · 5354 Ball Park Electricity	\$0
Total 5100 · Utilities	<u>\$17,050</u>
5200 · Debt Service	
5220 · Lease/Purchase Equip. Reserve	\$5,816
Total 5200 · Debt Service	<u>\$5,816</u>
Total 5000 · Administration	<u>\$73,516</u>
Total Expense	\$719,148
Net Ordinary Income	\$0

Morongo Valley C.S.D.
Final Budget
July 2015 through June 2016

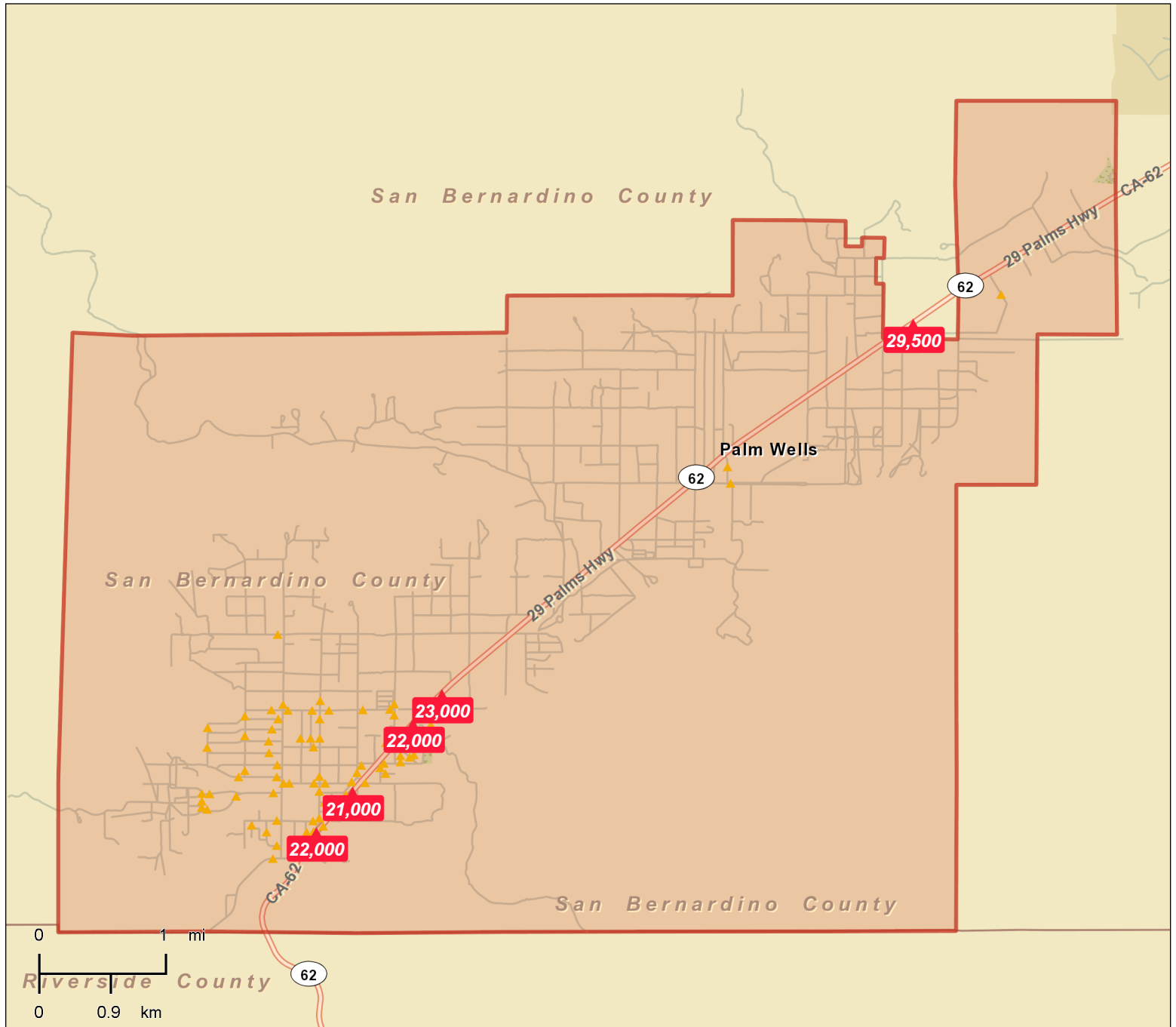
2015-2016
Budget

Other Income/Expense	
Other Income	
4800 - Transfer from Reserves	\$0
Total Other Income	\$0
Net Other Income	\$0
Net Income	\$0

Traffic Count Map

Attachment 4

MORONGO VALLEY CSD
MORONGO VALLEY CSD
Area: 26.83 square miles



Average Daily Traffic Volume

- ▲ Up to 6,000 vehicles per day
- ▲ 6,001 - 15,000
- ▲ 15,001 - 30,000
- ▲ 30,001 - 50,000
- ▲ 50,001 - 100,000
- ▲ More than 100,000 per day



Source: ©2012 Market Planning Solutions, Inc.

April 21, 2015

**LAFCO Resolution No. 3168 Reflecting
Determinations for LAFCO 3151 from
November 2012 – Service Review and
Sphere of Influence Update for the
Morongo Valley Community Services
District**

Attachment 5

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

PROPOSAL NO.: LAFCO 3151

HEARING DATE: November 21, 2012

RESOLUTION NO. 3168

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3168 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE MORONGO VALLEY COMMUNITY SERVICES DISTRICT (sphere of influence expansion by approximately 8,130 acres and affirmation of the balance of its existing sphere of influence, as shown on the attached map).

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

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

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

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

WHEREAS, a public hearing by this Commission was called for November 21, 2012 at the time and place specified in the 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 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; and,

WHEREAS, at this hearing, this Commission certified that the sphere of influence update including sphere amendments is statutorily exempt from environmental review pursuant to the

RESOLUTION NO. 3168

provisions of the California Environmental Quality Act (CEQA) and such exemption was adopted by this Commission on November 21, 2012. The Commission directed its Executive Officer 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 the Morongo Valley Community Services District (hereafter shown as "District") shall be amended as shown on the map attached as Exhibit "A" to this resolution, defined as follows:

- (1) Expand the District's existing sphere of influence by approximately 8,130 acres; and,
- (2) Affirm the balance of the District's existing sphere of influence.

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 14, 2012 and received and filed by the Commission on May 21, 2012, 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:**

Morongo Valley is basically a rural community with scattered development on large parcels of land. Development consists mostly of residential single-family homes with little commercial development. The community has wilderness and recreational areas within and surrounding the community.

The population projection and maximum potential build-out can be used to assess land use policies, existing infrastructure capacity and the need for additional infrastructure, particularly for roads, water and sewer facilities.

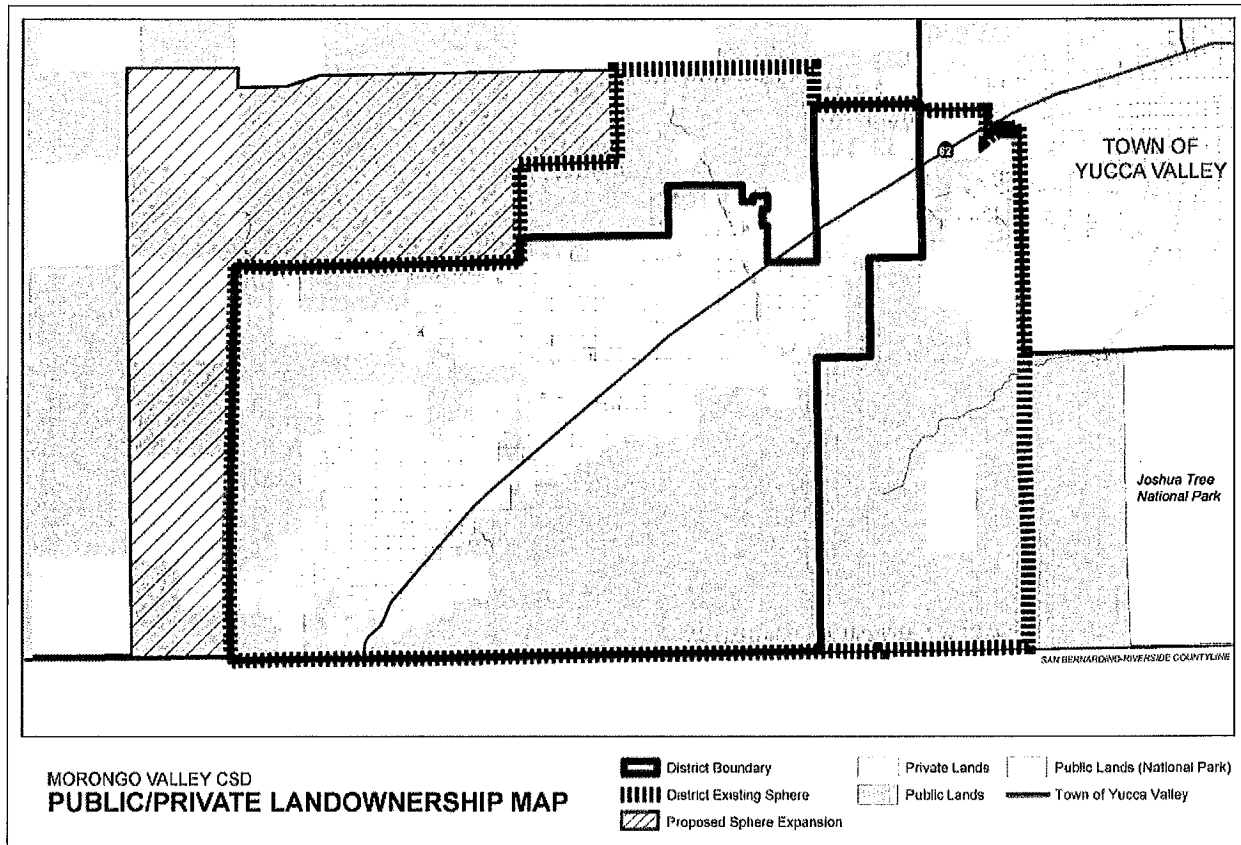
Land Ownership

The land ownership distribution and breakdown within the CSD's boundary and current sphere are identified on the table and map below. Within its entire sphere, roughly 36% of the land is privately owned and the remainder, 64%, is public, which are devoted primarily to resource protection and recreational use.

Morongo Valley Community Services District Land Ownership Breakdown (in Acres)

Ownership Type	Boundary	Sphere (outside boundary)	Expansion Area	Total Area
Private	8,146	1,697	2,351	12,194
Public Lands – Federal (BLM), State, & others	9,023	6,558	5,779	21,360
Total	17,169	8,255	8,130	33,554

RESOLUTION NO. 3168



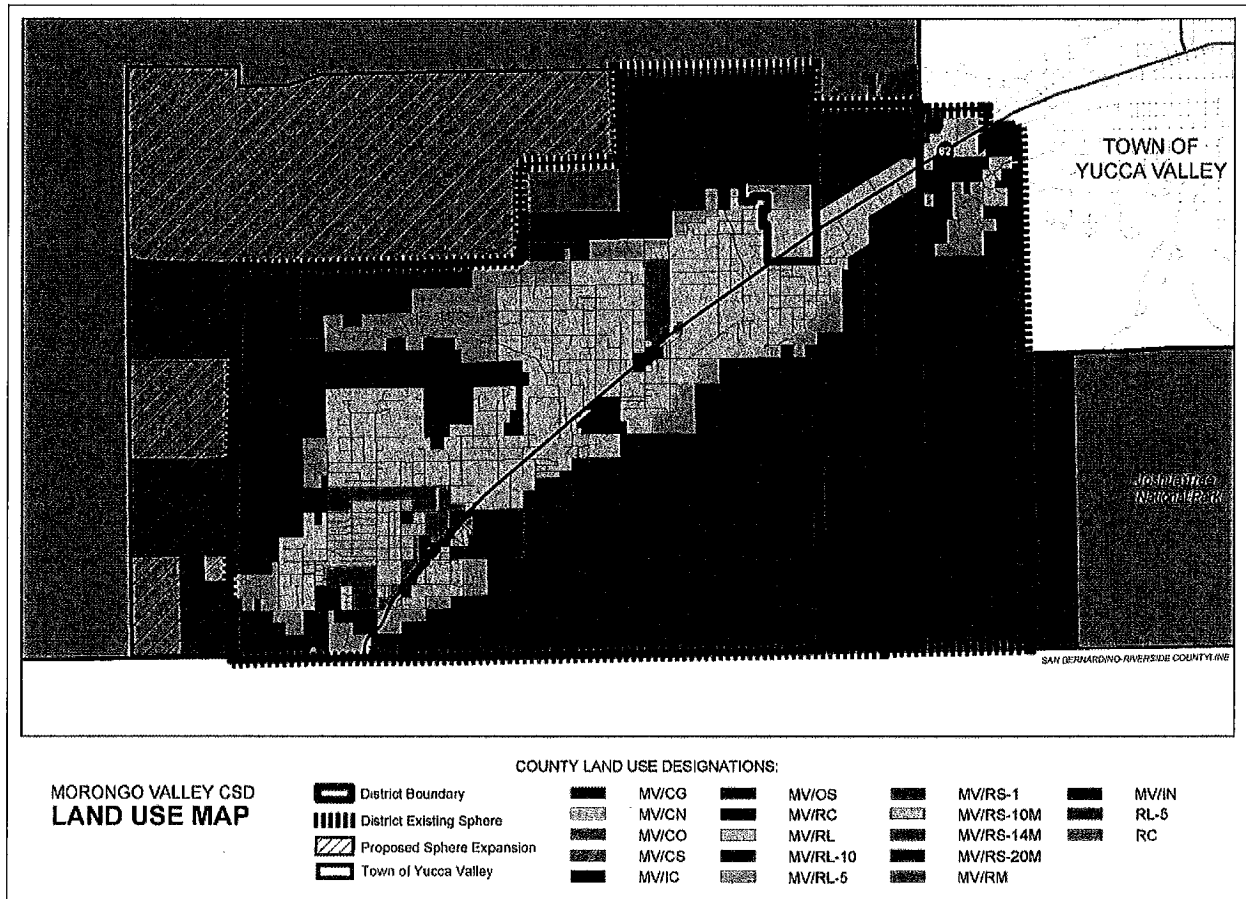
The 64% public lands represent lands that are part of the San Geronio Wilderness along the northern edge of the CSD's existing sphere, which are lands administered by the Bureau of Land Management (BLM), as well as lands that are within the Big Morongo Canyon Preserve located along the southeastern portion of the CSD's existing sphere (a portion of which is also within the CSD's boundaries), also managed by the BLM. The Big Morongo Canyon Preserve is considered an area of critical environmental concern (ACEC), a conservation ecology program that protects riparian corridors, threatened and endangered species, and unique landscapes.

It should be noted, however, that the majority of the privately held lands within the expansion area are lands owned by a non-profit conservation group that set aside these lands for preservation.

Land Use

Below is a map that identifies the County of San Bernardino's land use designations within the CSD's sphere and its surrounding vicinity. The study area includes mostly lands within the unincorporated Morongo Valley Community Plan area. For the entirety of the study area, approximately 67% is designated Resource Conservation comprising mostly the public lands administered by the BLM, 5% Open Space, 23% Rural Living, 3% Single Residential, 0.8% Institutional, 0.4% Multiple Residential, 0.5% Commercial, and 0.3% Industrial land uses.

RESOLUTION NO. 3168



Below is a detailed breakdown of all the land use designations within the CSD and its current sphere of influence:

Morongo Valley Community Services District General Plan Land Use Districts (In Acres)

Land Use	Boundary	Sphere (outside boundary)	Expansion Area	Total Area
Morongo Valley Community Plan Land Uses				
MV/RC (Resource Conservation)	9,164.9	5,452.2	1,326.0	15,943.1
MV/RL-10 (Rural Living, 10 acres min.)	151.3		477.0	628.3
MV/RL-5 (5 acres min.)	1,568.1	345.2	166.0	2,079.3
MV/RL (2.5 acres min.)	4,686.5	369.6		5,056.1
MV/RS-1 (Single Residential, 1 acre min.)	227.6			227.6
MV/RS-20M (20,000 sq.ft.)	87.9			87.9
MV/RS-14M (14,000 sq.ft.)	122.7			122.7
MV/RS-10M (10,000 sq.ft.)	610.3			610.3
MV/RM (Multiple Residential)	115.1			115.1
MV/CN (Neighborhood Commercial)	28.5			28.5
MV/CO (Office Commercial)	13.6			13.6
MV/CS (Service Commercial)	1.7			1.7
MV/CG (General Commercial)	125.4			125.4

RESOLUTION NO. 3168

MV/IC (Community Industrial)		54.2		54.2
MV/IN (Institutional)	265.4			265.4
MV/OS (Open Space)		1,702.2		1,702.2
Land Use not a part of the Community Plan				
RC (Resource Conservation)		331.6	6,161	6,492.6
Total	17,169.0	8,255.0	8,130	33,554.0

Population Projections

In 2000, the population within the CSD's boundaries was 3,130. Based on the 2010 Census, the population for the area was 3,543. This represented an average annual growth rate of approximately 1.2 percent within the given period.

The projected growth for the CSD's boundaries was calculated utilizing a combination of the growth rates identified in the Regional Council of the Southern California Association of Governments (SCAG) Draft 2012 Regional Transportation Plan (RTP) Integrated Growth Forecast for the County's unincorporated area for 2020 and 2035 periods, and the use of average annual growth rate to generate the intervals. By 2040, the population within the CSD is estimated to reach 4,855. This represents a projected annual growth rate of approximately 1.06 percent between 2010 and 2040, which also represents a total population increase of 37 percent from 2010.

Morongo Valley Community Services District Population Projection 1990-2040

Census			Population Projection					
1990	2000	2010	2015	2020	2025	2030	2035	2040
2,631	3,130	3,543	3,602	3,662	3,929	4,216	4,524	4,855

However, actual growth in the region is expected to be much lower than projected. In order to represent a more realistic growth projection for the community, the Commission determines to revise the projected growth rate between 2020 and 2040 based on the actual growth rate of the area between 2000 and 2010. As shown in the revised projection below, it is estimated that the population within the CSD is expected to reach only 4,695 (instead of 4,855) by 2040, or a total population increase of just 32 percent (instead of 37 percent) from 2010.

Morongo Valley Community Services District LAFCO Revised Population Projection 2010-2040

Census	Population Projection					
2010	2015	2020	2025	2030	2035	2040
3,543	3,602	3,662	3,897	4,146	4,412	4,695

Build-out

The table below provides the potential build-out within the CSD's territory. This build-out scenario takes into consideration the existing land use designations assigned for the area and the dwelling unit densities assigned for each residential land use.

RESOLUTION NO. 3168

Morongo Valley Community Services District Land Use Maximum Build-Out

Land Uses within the CSD	Acreage	Density (D.U./Acre)	Max Build- out (DU's)
Morongo Valley Community Plan Residential Land Use			
RC (40 acres)*	142	0.025	4
RL-10 (10 acres)	151	0.1	15
RL-5 (5 acres)	1,568	0.2	314
RL (2.5 acres)	4,686	0.4	1,874
RS-1 (1 acre)	228	1.0	228
RS-20M	88	2.18	192
RS-14M	123	3.0	369
RS-10M	610	4.0	2,440
RM	115	16.0	1,840
County Residential Land Use not a part of the MVCP			
RC (40 acres)*	0	0.025	-
Morongo Valley CSD Total Residential	7,711		7,276
* Excludes public lands			

The revised population projections identified earlier indicates that the population within the CSD's territory will be 4,695 by 2040. Based on the maximum residential build-out within the CSD's territory, the projected maximum population is anticipated to reach 19,500. Likewise, based on the projected population for 2040, it is anticipated that the number of households within the CSD's territory will be 1,752 with a maximum potential build-out to reach approximately 7,276. These imply that the study area will reach 24 percent of its potential household and population capacity by 2040.

This build-out scenario provides the maximum build-out potential of the community based on the Land Use Policy Map. The table below does not account for constraints to the maximum build-out potential. However, all development within the Morongo Valley Community, in particular residential development, is limited by provisions of the Fire Safety Overlay. The maximum build-out potential is constrained substantially by the slope-density standards and fuel modification requirements of the Fire Safety Overlay.

Population and Household Projection for the Morongo Valley Community Services District

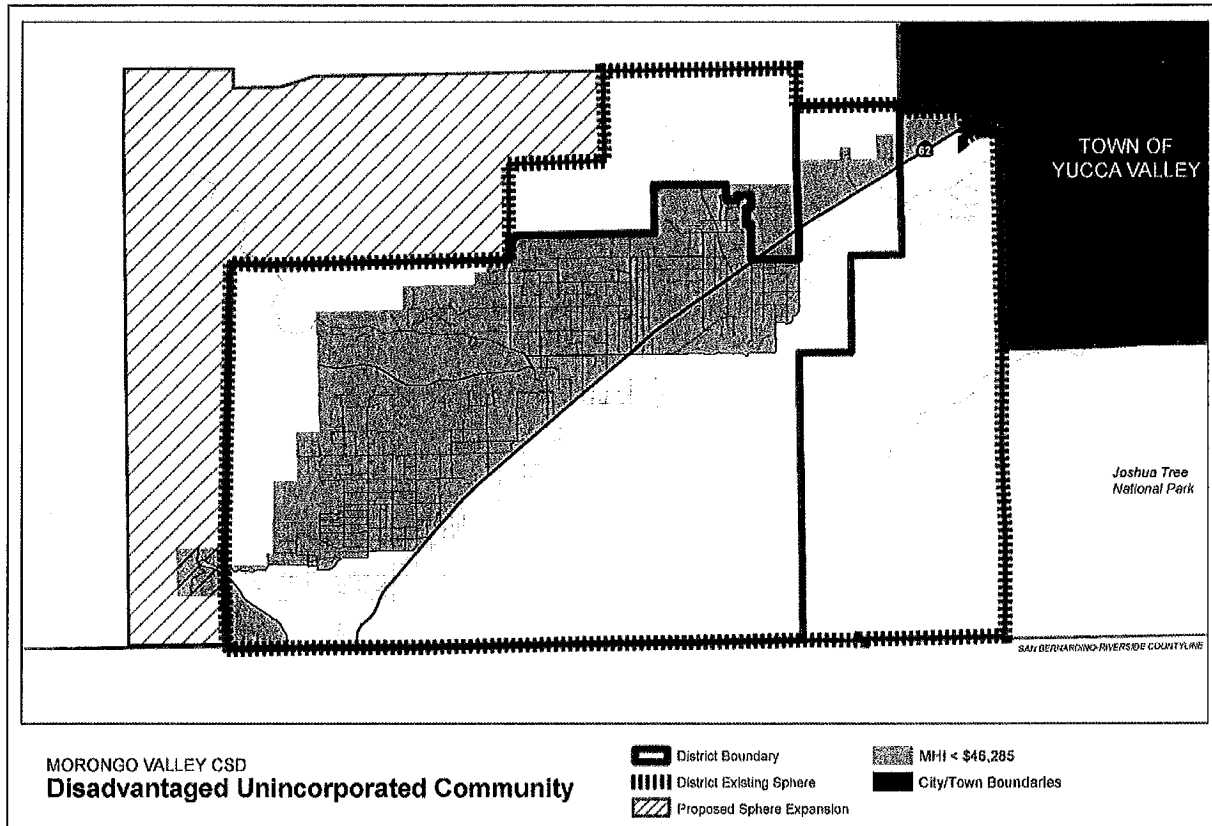
	Projection 2040	Maximum Build-out	Ratio of 2040 Projection with Maximum Build-out
Population	4,695	19,500	0.24
Households	1,752	7,276	0.24

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence:

Beginning January 2012, LAFCO is now required to determine the location and characteristics of disadvantaged unincorporated communities (hereafter shown as "DUC"). DUCs are those

RESOLUTION NO. 3168

communities that have an annual median household income that is less than 80 percent of the statewide annual median household income, which is under \$46,285 (defined by Government Code Section 56302). Based on the 2010 Census Bureau data, the map below illustrates the areas within and around the CSD's sphere of influence that are classified as disadvantaged unincorporated communities.



As shown on the map, portions of the CSD's unincorporated sphere of influence are considered to be disadvantaged unincorporated communities. The community of Morongo Valley itself is considered a disadvantaged unincorporated community comprised of sparse rural residential development with large lot residential development (primarily Rural Living, 2 ½ acre lots and 5-acre lots).

There are no disadvantaged unincorporated communities contiguous to the CSD's sphere of influence. Adjacent to the CSD's sphere along the west and north is the San Geronio Wilderness area. Adjacent to the CSD's sphere along the southeast is the Big Morongo Canyon Preserve. Lastly, adjacent to the CSD's sphere to the east is the incorporated Town of Yucca Valley.

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

Currently, the CSD is authorized by LAFCO to provide the functions of fire protection, park and recreation, streetlighting, and library service. Staffing is comprised of a general manager, a part-

RESOLUTION NO. 3168

time office secretary, a full-time grounds person, and a combination of full-time district personnel supplemented with reserves for fire protection.

A. Fire Protection

The CSD operates its fire protection and paramedic response through its fire department. The District's existing manning of engines is a three person engine crew.

The entirety of the CSD and its response area is within the defined State Responsibility Area. For this determination, staff incorporates the CSD's 2011 Fire Annual Report and responses to LAFCO questions. For fire protection service, this determination requires LAFCO to review the, "Needs and deficiencies related to structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence." This requirement is incorporated into the Fire Protection discussion below.

Agreement with ICEMA

The CSD (through its Fire Department) and the Inland Counties Emergency Medical Agency ("ICEMA") entered into a non-financial agreement in 2008 authorizing the CSD to provide non-transport Advanced Life Support services within District's boundaries and sphere of influence. The agreement was from February 2008 through January 2010 and is automatically renewed for successive two-year periods unless terminated or amended. It has been confirmed that the contract has not been terminated or amended as of the date of the Commission hearing. The CSD Fire Chief is administrator of the contract in accordance with its terms and conditions on behalf of the CSD and the CSD Fire Department.

ICEMA has indicated that if the CSD's sphere of influence were modified that such a modification would not alter said agreement. This is due to the non-financial nature of the agreement and the CSD's advanced life service, or lack thereof, does not add to or take away from another agencies responsibility since the area is generally remote.

Agreement with County Fire

The CSD and the San Bernardino County Fire Protection District ("County Fire") have entered into an automatic aid/mutual aid agreement "to provide the most expeditious response to suppress fires and render other emergency services". The agreement identifies that neither party shall be obligated to reimburse the other for its response. The term of the agreement is until June 30, 2017 with a 90-day termination notice.

Agreement with CAL Fire

Within San Bernardino County, the CSD has an agreement with CAL Fire for dispatch services.

Fire Station 461

Station 461 is the main fire station and command center for the CSD's Fire Department. It is located at the center of the commercial district, adjacent to the CSD office on Ocotillo Street, in the most densely populated area of the community. The facility houses a medic engine (Type I Engine), brush engine (Type III Engine), fire engine, command vehicle, water tender, utility vehicle, steel cargo container, trailer generator, and all critical equipment.

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Fire Station 462

Fire Station 462 is located in the eastern section of community off Highway 62 on Sundown Trail. This facility has no living quarters. In the past it was used by the Bureau of Land Management, for paid call response by the CSD, and provided a bay for a Sheriff's Citizen Patrol unit. Presently, it is used for training purposes. The bays are used to house a reserve engine (Type I engine) and tactical water tender.

Station 462 currently does not have adequate facilities or space to accommodate a crew for 24 hours since there is no housing quarters present. The CSD is formulating a community-oriented reserve water tender operator program which will allow the department to staff equipment at Station 462 on an as-needed basis thus allowing for better fire response for the east end of the district.

Incident Statistics

The CSD has provided the following as its incident statistics for 2009-2011. This listing includes type of response, total responses, and average response time. According to the District all times are within the National Fire Protection Association's desired response standard of 14 minutes (for 80% of all calls) for rural areas with greater than 500 residents.

2009		
TYPE	TOTAL	AVG. RESPONSE TIME
EMS	245 (63%)	7.14
Fire	40 (10%)	7.09
Traffic	37 (10%)	6.38
Other	66 (17%)	7.93
TOTAL	388 (100%)	7.13

2010		
TYPE	TOTAL	AVG. RESPONSE TIME
EMS	370 (66%)	6.30
Fire	73 (13%)	6.23
Traffic	30 (5%)	6.50
Other	85 (16%)	7.72
TOTAL	558 (100%)	6.68

2011		
TYPE	TOTAL	AVG. RESPONSE TIME
EMS	353 (70%)	6.21
Fire	19 (4%)	5.85
Traffic	41 (8%)	7.51
Other	91 (18%)	7.13
TOTAL	504 (100%)	6.65

For the three years identified above, emergency medical incidents represent 67% of total incidents. As stated in the Annual Report, the need for four personnel on the fire engine with minimum of three makes a marked difference than two personnel because:

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- Traffic accidents in Morongo Valley are usually high impact in nature causing severe injuries with a higher possibility of extraction needed.
- Cardiac arrest incidents are very difficult to handle with only two personnel as it is most effective to have a minimum of two personnel for the subject and one for incident documentation.

Mutual Aid with Riverside County Fire Department

The County of Riverside currently contracts with the California Department of Forestry and Fire Protection (CAL Fire) to provide for fire protection and paramedic services within Riverside County and some of its cities. CAL Fire, through the administration of 145 cooperative fire protection agreements in 33 of the State's 58 counties, 30 cities, 32 fire districts and 25 other special districts and service areas, responds to wildland fires, structure fires, floods, hazardous material spills, swift water rescues, civil disturbances, earthquakes, and all kinds of medical emergencies.

The CSD has mutual aid response with the Riverside County Fire Department through the Statewide Master Mutual Aid program which provides for the response assignments through the Area Coordinator Fire Dispatch Centers. Each such Dispatch Center has electronic dispatch cards which link assignments to the closest available units within the County, then for those in adjacent counties. According to the CSD, for San Bernardino County the CSD contracts with CAL Fire (through its Riverside County Fire Department) for dispatch services. Calls for additional units would go from the CAL Fire Riverside Unit Emergency Command Center, to "County Comm." which provides San Bernardino fire agencies with "Area Coordinator" services by having an assigned Chief on-duty 24/7/365 to manage such assignments for major emergencies.

The nearest fire stations to the CSD in Riverside County are the Desert Hot Springs Stations (Stations #36 and #37). Both stations are in the City of Desert Hot Springs, which contracts its fire protection and emergency medical services with the Riverside County Fire Department.

Training

The 2011 Fire Annual Report states, in addition to agency-conducted training, outside agencies present classes to firefighters. Also, plans for future training consist of live burn classes through the Twentynine Palms Marine Corps Base Fire Department, wildland training classes by the San Bernardino County Training Officers Association, and neighboring training drills in Yucca Valley through County Fire.

The Annual Report identifies that training of its staff could be increased if it were able to acquire additional training facilities. The facilities include: land allotment to use as a training facility, training tower with live burn capability, vehicle prop fire, ventilation prop, vehicle on its side prop, a confined space, etc.... The Annual Report continues to state that the District would benefit tremendously from acquiring a designated training area as well as a facility. However, funding is the limitation for this need.

Fire Prevention Bureau

The CSD's Fire Prevention Bureau ("Bureau") has a stated mission statement to reduce the risk of loss of life, property value, and infrastructures. Recent accomplishments of the Bureau include:

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- Certain types of inspections are normally conducted by CAL Fire, San Bernardino Unit. Agreements in previous years by the CSD and CAL Fire allow the CSD to conduct inspections under the supervision of CAL Fire, which appear to be successful and will be reviewed.
- 2011 was the first year the CSD was able to successfully inspect all residential properties within its jurisdiction and produce an accurate record of inspections.

The Annual Report identifies eight challenges to fulfilling its mission, summarized as follows:

1. The current record keeping system lacks organization to meet current needs requiring a commitment of many hours to reorganize the systems.
2. Documentation for year to year comparison of activities will require revision to the current reporting process.
3. Due to budget limitations, prevention personnel are employed part-time and have dual responsibilities within the fire department.
4. The Bureau currently has limited access to referenced material.
5. There is presently limited storage space available in the fire prevention office.
6. Keys that the Fire Department has obtained to gain entrance to local businesses for emergency purposes will require a revision to the key accountability program.
7. Currently, the Fire Department lacks specialized training associated with fire prevention.
8. Efforts to improve the revenue generation of specialized programs will be reviewed in the coming year to analyze where such improvements may be made.

The District has identified that it is addressing these issues individually. In its response to the draft staff report, the CSD states that it has noticed the adoption of an ordinance to incorporate recent changes to the 2009 International Fire Code and the 2010 California Fire Code. The first reading of the ordinance is noticed for November 14, 2012 with adoption scheduled for December 19, 2012.

Disadvantaged, Unincorporated Communities

Portions of the CSD's sphere of influence are considered to be disadvantaged unincorporated communities. The community of Morongo Valley itself is considered a disadvantaged unincorporated community comprised of sparse rural residential development with large lot residential development (primarily Rural Living, 2 ½ acre lots and 5-acre lots). Within the boundaries of the CSD, residents pay a special tax for fire service. The disadvantaged, unincorporated communities within the District's sphere but outside of its boundaries are within the boundaries of County Fire and its South Desert Service Zone.

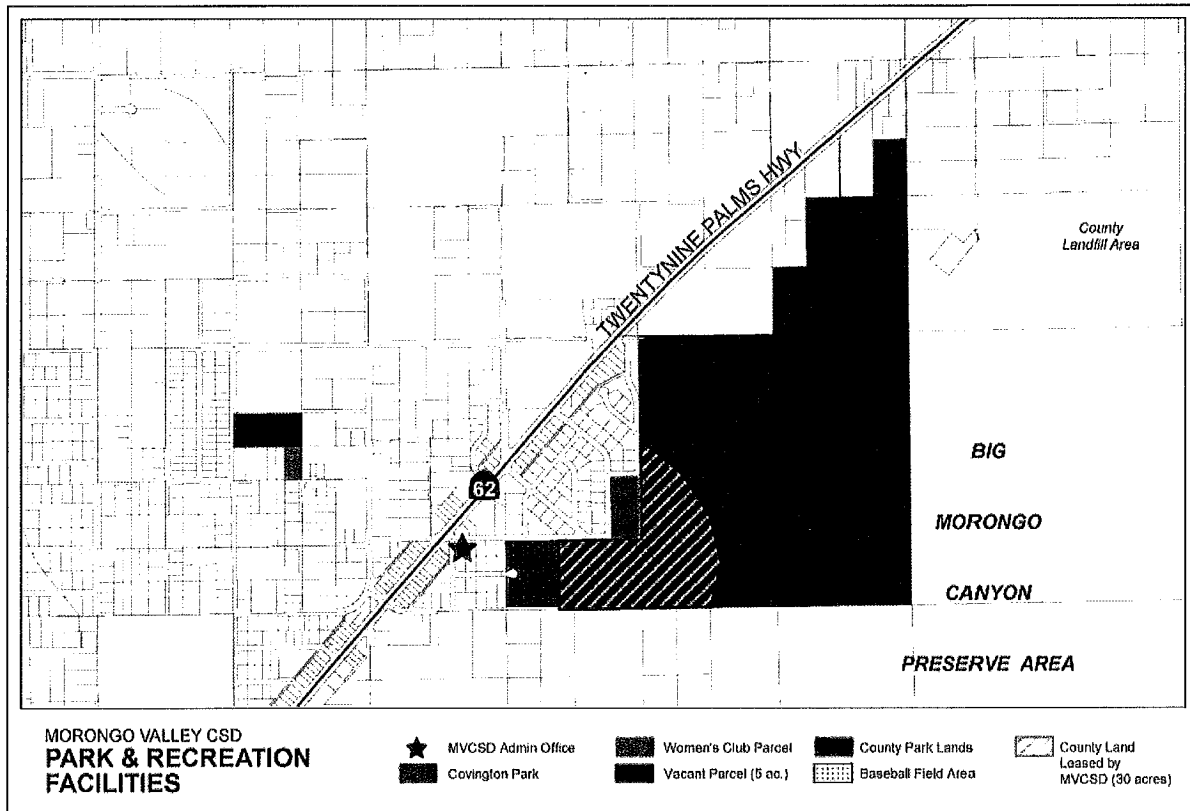
There are no disadvantaged unincorporated communities contiguous to the CSD's sphere of influence. Adjacent to the CSD's sphere along the west and north, although the map identifies the area as disadvantaged unincorporated community, is the San Geronio Wilderness area.

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Adjacent to the CSD's sphere along the southeast is the Big Morongo Canyon Preserve. Lastly, adjacent to the CSD's sphere to the east is the incorporated Town of Yucca Valley. These areas are within the boundaries of County Fire and its South Desert Service Zone.

B. Park and Recreation

The District adopted a 2008 Master Park Strategic Plan through 2013. The Plan states that it strives to avoid repetition of the County's Morongo Valley Community Plan, but draws on the desires of the residents expressed in the Community Plan and the CSD's Park Committee workshops.



Covington Park

Covington Park is comprised of five acres deeded to the CSD in 1962 to be used for public park or place of resort and recreation. The park is located at Mojave Drive and Vale Drive and is contiguous to the Big Morongo Canyon preserve. The park's hardscape includes: two tennis courts, skate park, community building, snack stand, storage area, children's playground, pavilion, grill area, and picnic tables. The park was used as the staging and command center during the Paradise and Sawtooth Complex fires.

In 2011 the District was able to upgrade the facilities at Covington Park with grant funds. Improvements include:

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- Purchase or installation of two vaulted bathrooms, ADA sidewalks, second half of skate park, valley ball court, purchase of two sets of bleachers, water fountain, electric pedestals, and 5000 gallon water tank for emergency use.
- Upgrade or repair to the pavilion concrete floor and stage area, shack and storage building, children's playground, and tennis courts.

The community building is a focal point for the community as it is the place for programs and local organizations, located at 11165 Vale Drive. Programs include the senior nutrition lunch program, artist colony gallery space, children's library, and art and theater program. Local organizations that use the facility are the Morongo Valley Youth Commission, Chamber of Commerce, Morongo Valley Youth Sports League, CSD Board meetings, and the Firefighters Auxiliary. The facility is a designated local emergency operation command.

County Park lands – long term lease

The County purchased, via funds from the 1974 State Bond Act, a 20.8 acre parcel adjacent to Covington Park and the Morongo Regional Park. The purpose of the acquisition was to: 1) secure a buffer between the Wildlife Reserve of an area approximately 12.15 acres, and 2) to provide some land for the CSD to replace a ball field which was obstructed when the Morongo Regional Park was constructed.

Adjacent to Covington Park, the District has leased County park lands since 1979. The approximate area of 35 acres located off Park Avenue contains a baseball field, practice field, snack stand, and bathrooms. The baseball field has lights for night play but they have not been in use for several years due to the operating expense. The majority of the area is in its natural state. The CSD maintenance building and yard is also located on these lands. The building houses equipment and tools to maintain all the CSD facilities. A well on this property provides water for ball field irrigation. There is also a concrete pad with a basketball court behind the maintenance yard. Improvements to the area leased from the County are identified as minor. The Community Plan expresses a desire for intra-community hiking and equestrian trails, traversing federal and state lands. The Park Master Plan identifies that the County Park lands could be used for such a purpose.

The original lease was from 1979 until 2004 and was superseded in 1986 with an amendment in 1987. The agreement states that the District is to manage the "premises as a public park", which allows it to develop and operate baseball and athletic fields, concession stand, restrooms, and a parking lot. Additionally, the terms of the agreement required the CSD to pay the County \$1 annually as rent for the premises. At the expiration of the lease, December 31, 2008, all structures and improvements made upon the lease area were to be vested in the County by the terms of the agreement.

Questions related to the current status of the lease were reviewed with County Regional Parks staff. It was indicated that in August 2008 the CSD presented Regional Parks with a copy of the draft Master Park Strategic Plan for review and inquired about the pending expiration of the lease. However, no further inquiries from the CSD were made following County Parks' initial reply nor was there follow up by the County on the extension of the

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lease. Therefore, the situation is such that the CSD is operating its facilities on County land while lacking a lease.

The CSD has provided its response that it has met with County Regional Parks in an effort to renegotiate the lease and a second meeting is tentatively scheduled for early December. The letter identifies that the District is currently seeking a long-term lease, such as a ten year lease with three five-year extensions.

Big Morongo Canyon Preserve

In 1982 the Bureau of Land Management (BLM) designated Big Morongo Canyon Preserve as an Area of Critical Environmental Concern. Areas of Critical Environmental Concern are those having been identified as containing unique natural features or habitat areas. A unique habitat has been created in Big Morongo Canyon by the natural hydrology of Morongo Valley. The preserve provides recreation opportunities such as hiking trails, ecology trails, nature study and bird watching opportunities. According to the Community Plan, the community views it as a natural environment treasure that must be preserved. It is an environment that is home to many unusual plant and animal species and is a setting that brings together several distinct ecosystems in one area: Desert Springs, Mojave Riparian Forest, Mojave, Coastal and the Sonora Desert. It is also a significant food stop for migratory birds on the Pacific Coast Flyaway. Animals and plants on the endangered species list are found at the Preserve.

The Morongo fault runs through the canyon and causes water draining from the surrounding mountains to form Big Morongo Creek and a riparian habitat. The reserve is a significant and important feature of the community for many local residents and provides a home to many wildlife species, including numerous migratory birds. Native wildlife to the valley includes coyote, jack and cocktail rabbits, mule deer, ground squirrels, wood rats, chuckwalla, desert tortoise, owls, eagles, road runners and quail. The Bureau of Land Management designated Big Morongo Canyon as an Area of Critical Environmental Concern in recognition of its value as a natural resource and important wildlife habitat. The vegetation in the area typically includes Joshua trees, yucca and bunchgrass, and some juniper, manzanita, sage, cactus and annual wildflowers.

The preserve land is managed by the Bureau of Land Management. Service delivery from the Morongo Valley CSD is limited to the provision of fire and emergency response.

Women's Club

In 2000, the Morongo Valley Women's Club deeded its clubhouse facility to the CSD. According to the resolution and minutes from the Women's Club April 12, 1999 meeting, the facility was given to the CSD generally due to lack of funds and lack of members. The building, which once was a school house, was built in 1947 by volunteers on donated land.

The structure is situated on 1.25 acres and is the first community-type building erected in Morongo Valley. The building is not currently open to the public but future plans include reviving the use as a community hall, installing exhibits featuring local history, and developing programs in conjunction with the neighboring elementary school. There is no specified timeline for these improvements, but the District's Parks Commission is currently reviewing

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these options. The Park Master Plan states that improvements will be financed with grant funds, donated materials, and volunteer labor. Equipment, furniture, and programming needs will be met with donations.

Vacant Parcel

In 2002 the District purchased a five-acre undeveloped parcel adjacent to the Women's Club. There are no specific plans at this time for its use; however, it was purchased with the intent of a creating a partnership with the adjacent Morongo Valley Elementary School. The Master Plan identifies that it could be used for a fitness trail. The Park Master Plan states that funding for the trail would come from voter-approved state bond act funds for parks.

C. Streetlighting

The streetlights along the highway are the responsibility of Caltrans. The other lights are the responsibility of the CSD. The CSD has identified and provided verification from Southern California Edison that it provides service for 28 streetlights.

The streetlights are classified as all night service (activated from dusk until dawn). Southern California Edison owns the streetlights and responds to problems, and the CSD provides for payment of the utility costs associated with the individual lights.

There are no plans at this time to increase the number of the streetlights. The future need for streetlights will increase if the population grows or the land use process requires them dependent upon the implementation of the County's Night Sky Ordinance, which is applicable in the South Desert region. The purpose of the Night Sky Ordinance is to encourage outdoor lighting practices and systems that will minimize light pollution, conserve energy, and curtail the degradation of the nighttime visual environment. The implementation of this ordinance points toward a limitation of the number of streetlights for the future and may limit them to commercial areas of the community only.

D. Library Services

A Community Development Block Grant was secured to fund expansion of the Children's Library. For Summer 2012, the Children's Library Director and volunteers are conducting a summer program for children of the community twice weekly in addition to the Thursday and Saturday programs. At the present time there is no coordination of activities with the County Library system.

4. Financial ability of agencies to provide services:

For this determination, staff has reviewed the District's budgets, audits, State Controller reports for special districts, and County filing records. This determination outlines the accounting practices of the District; reviews its debt and obligations, net assets, and fund balance for the past five audited years; and looks forward by using the budgets following the most recent audit. There is no component unit of the District reported in the financial statements.

A. General Operations and Accounting

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The District operates with only governmental activities; there are no business-type (enterprise) activities of the District. Services provided by the District that are reported as governmental-type activities include general administration, fire protection, park and recreation, and streetlights. These services are primarily supported by property tax and the District also levies an assessment for fire protection. All of these services operate from the general fund; therefore, the activities of fire protection are not isolated from the other activities of the District.

Depository and Treasurer

CSD Law mandates that the county treasurer shall be the treasurer of the district and shall be the depository and have custody of all of the district's money. CSD Law further reads that all claims against a district shall be audited, allowed, and paid by the board of directors on warrants drawn by the County. However, a CSD may establish an alternative depository by appointing a district treasurer, which may be the general manager, who shall serve in the place of the county treasurer.

Prior to the processing of this service review, the CSD elected a board member as treasurer. However, a board member cannot serve as treasurer (Section 61040(e)). The treasurer needs to be a staff member; the board may appoint the same person to be general manager and treasurer (Section 61050). This issue was addressed with the CSD as a part of the service review process. As a result and to come into compliance with CSD Law, on September 12, 2012 the CSD board appointed the general manager as treasurer.

The CSD maintains its cash and investments in five separate accounts at a private institution, Pacific Western Bank - nearest branch located in Yucca Valley. The five accounts maintained are: General, Money Market, CD, Restricted, and Petty Cash. CSD Law requires the treasurer to be bonded, and the CSD meets this requirement.

Reserve Policy

Additionally, Government Section 61112 requires those districts that have designated an alternative depository and appointed a district treasurer shall adopt and annually review a policy for the management of reserves. The District has identified that it does not have an adopted reserve policy. However, it has identified that it is in the process of formulating a Financial Practices Policy and hopes for adoption of that policy this fiscal year.

Management Discussion in Audit

Accounting principles generally accepted in the United States require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. The management of the District has elected to omit the Management Discussion and Analysis information for at least the past five audited years. Without an understanding of the context for the agency's operations, as the management discussion provides, it is difficult to assess the financial operations of an agency. In its letter to the Commission, the CSD states that it will include a Management Discussion and Analysis beginning with the June 30, 2012 audit currently being prepared.

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B. Long-term Debt

The District obtained a loan in the amount of \$183,619 in 2001 to purchase a fire engine. The loan was at 5.8% and required a semi-annual payment of \$12,213. As of June 30, 2012, the debt matured and was paid-off.

The District has entered into a line of credit agreement with a bank. Under this agreement the District can borrow working capital advances up to \$200,000. The agreement requires interest only payments. At June 30, 2011 the interest rate was 9.25%, and the balance on the credit line was \$0.

C. Employment Benefits and Post-Employment Benefits

Employment Benefits

Regular employees do not receive retirement benefits. According to the CSD, some benefits are provided to fire personnel outside the mandated safety clothing provided by the agency for all full-time or "reserve" personnel. Firefighters are eligible for medical benefits after 90 days through California Choice. Employees are eligible for District coverage at 80% of the cost per individual. Family member coverage can be purchased by the employee.

The Board of Directors has waived its right to receive compensation for participation as permitted by CSD Law.

Pension

The District's financial statements do not identify any pension obligations.

Other Post-Employment Benefits

The District's financial statements do not identify any other post-employment obligations. Therefore, there are no unfunded liabilities that could have a future impact on the District's financial condition.

D. Net Assets

In reviewing the District's financial statements, net assets have increased by 38% since FY 2006-07 as shown on the chart below. During this time Total Assets have increased by 21% and Total Liabilities have decreased by 88%. From the Net Assets perspective, the financial health the District overall has increased during the past five years. As of June 30, 2012, the District had \$1.09 million in net assets. Of this amount roughly half is unrestricted and half is invested in capital assets, net of related debt.

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	NET ASSETS						
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	5-yr Var.
Assets:							
Cash	203,813	271,361	303,051	468,418	480,437	477,098	134%
Other	67,107	71,989	109,046	121,517	82,450	103,319	54%
Capital assets (net)	642,384	556,889	501,622	437,760	560,352	526,274	-18%
Total Assets	\$ 913,304	\$ 900,239	\$ 913,719	\$ 1,027,695	\$ 1,123,239	\$ 1,106,691	21%
Liabilities:							
Current liabilities	28,403	40,127	39,591	44,024	20,443	6,598	-77%
Long-term liabilities	95,922	76,713	56,347	34,755	11,862	8,472	-91%
Total Liabilities	\$ 124,325	\$ 116,840	\$ 95,938	\$ 78,779	\$ 32,305	\$ 15,070	-88%
Change in Net Assets	\$ 95,776	\$ (5,580)	\$ 34,382	\$ 131,135	\$ 142,018	\$ 687	
Total Net Assets	\$ 788,979	\$ 783,399	\$ 817,781	\$ 948,916	\$ 1,090,934	\$ 1,091,621	38%
Net Assets:							
Invested in capital assets, net of related debt	546,462	480,176	445,275	403,005	548,490	526,274	-4%
Restricted	-	-	-	-	12,490	15,142	
Unrestricted	242,517	303,223	372,506	545,911	529,954	550,205	127%
Total Net Assets	\$ 788,979	\$ 783,399	\$ 817,781	\$ 948,916	\$ 1,090,934	\$ 1,091,621	38%
Increase from prior year	13.8%	-0.7%	4.4%	16.0%	15.0%	0.1%	
source: Statement of Net Assets							

As identified, the District maintains its cash and investments at a private institution in five separate funds. Below is the breakdown as of June 30, 2012.

Account	Total
General Fund	\$ 21,471
Savings (money market)	404,977
Restricted Funds	15,142
Petty Cash	650
CD	50,000
Total	\$ 492,240

E. Fund Balance

Considering net assets does not indicate if an agency has enough fund balance to operate short and long-term operations. A trend of operating deficits is a key indicator of the financial health of an agency. The chart below shows fund balances for the District's governmental funds for the past six audited years. The fund balance has increased by 133% since FY 2006-07 with Total Revenues increasing by 3% and Total Expenditures increasing by 29%.

The District held restricted cash of \$15,142 on hand as of June 30, 2012. The restricted cash includes amounts received for various programs the organization has including: the tennis program, library improvements, maps program, and the senior nutrition program. There is also an amount included for future improvements to be made to the Mojave property owned by the District.

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	FUND BALANCE						
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	5-yr Var.
Fund Balance:							
Non spendable	-	-	-	-	66,270	65,902	
Restricted	-	-	-	-	12,490	15,142	
Unassigned (Unreserved)	242,517	303,223	372,506	545,911	463,684	484,303	
Total Fund Balances	\$ 242,517	\$ 303,223	\$ 372,506	\$ 545,911	\$ 542,444	\$ 565,347	133%
Revenues:							
Property tax	380,818	438,520	439,874	420,263	383,400	366,739	-4%
Fire assessment	199,868	214,573	263,798	269,762	280,605	286,528	43%
Grant income	14,419	7,629	69,537	-	186,044	31,971	122%
Fire service	88,291	56,354	6,111	15,900	4,992	1,542	-98%
Park revenue	2,592	2,355	2,686	101,042	4,992	3,332	29%
Other	6,739	6,300	2,243	14,483	3,463	22,289	231%
Total Revenues	\$ 692,727	\$ 725,731	\$ 784,249	\$ 821,450	\$ 863,496	\$ 712,401	3%
Expenditures:							
General government	58,177	91,887	87,677	81,440	86,016		-100%
Fire operations	378,911	487,666	534,118	473,141	504,787	605,710	60%
Park & recreation	51,657	57,246	64,707	64,747	247,417	79,714	54%
Streetlights	3,258	3,546	3,837	4,091	4,116	4,074	25%
Debt service	41,129	24,680	24,627	24,626	24,627	-	-100%
Total Expenditures	\$ 533,132	\$ 665,025	\$ 714,966	\$ 648,045	\$ 866,963	\$ 689,498	29%
Revenues less Expenditures:	\$ 159,595	\$ 60,706	\$ 69,283	\$ 173,405	\$ (3,467)	\$ 22,903	
Fund Balances, Beginning	82,922	242,517	303,223	372,506	545,911	542,444	
Fund Balances, Ending	\$ 242,517	\$ 303,223	\$ 372,506	\$ 545,911	\$ 542,444	\$ 565,347	133%
Increase from prior year	174.8%	25.0%	22.8%	46.6%	-0.6%	4.2%	
sources: Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance							

However, for five of the audited years the District has experienced abnormal activity, explained as follows:

- *FY 2006-07* – This was the first year that the District collected revenues from the 2002 voter-approved Fire Assessment.
- *FY 2007-08* – This was the first year that a paramedic was assigned to an engine.
- *FY 2008-09* - The District received a grant of \$69,535, which was used to purchase fire apparatus and paramedic supply and equipment.
- *FY 2009-10* - In October 2009 the District sold park property (gun range) to a private entity that desired to continue the operation of the gun club. The terms of the sale included: 1) the sale of the property for \$100,000, of which \$50,000 would be a note payable to the District with annual payments of \$3,333.72 until 2040, and 2) \$48,753 in cash to the District (after title

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and escrow charges). Although, classified as a current asset, the note receivable will be identified as an asset in the financial statements until 2040. As for the \$48,753 in cash, it was placed in the District's general fund.

- *FY 2010-11* – The District received a grant of \$186,044, which was used to make improvements to Covington Park.

General Fund Liquidity

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At the end of FY 2011-12, unassigned fund balance of the general fund was \$484,303, while total fund balance reached \$565,347. Unassigned fund balance represents 70 percent of total general fund expenditures, while total fund balance represents 82 percent of that same amount. Therefore, while the fund balance has increased by 133% during the past six audited years, the liquidity of the general fund is still improving.

GENERAL FUND LIQUIDITY						
General Fund (GF)	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Total GF expenditures	\$ 533,132	\$ 665,025	\$ 714,966	\$ 648,045	\$ 866,963	\$ 689,498
Unassigned GF fund balance (as a % of total expenditures)	242,517 45%	303,223 46%	372,506 52%	545,911 84%	463,684 53%	484,303 70%
Total fund GF balance (as a % of total expenditures)	242,517 45%	303,223 46%	372,506 52%	545,911 84%	542,444 63%	\$ 565,347 82%
sources: Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance						

Unassigned Fund Balance

The Government Finance Officers Association ("GFOA") currently recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund. The current GFOA policy is vague in stating that the "adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances." Though the existing GFOA policy is not specific, it recommends that regardless of size, general-purpose governments should maintain unrestricted fund balance in their general fund of "no less than two months of regular general fund operating revenues or expenditures." A General Fund balance of a lesser level exposes the General Fund to the risk of not being able to meet cash flow requirements, economic uncertainties, or other financial hardships.

As shown on the chart above, the CSD's unrestricted fund balance during this timeframe is more than two months of regular general fund operating expenditures. Therefore, the CSD is above the threshold and meets the requirements of the GFOA policy. However, the CSD has not established a formal policy on the level of unrestricted fund balance that should be maintained in the general fund. The CSD has identified that it is in the process of formulating a Financial Practices Policy and hopes for adoption of that policy this fiscal year.

F. Revenues and Expenditures

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The primary sources of revenue for the District is its share of the one percent general levy property tax followed by the fire assessment. The District's average share of the one percent ad valorem general levy is 17.46%. As shown in the Fund Balance figure above, property tax was relatively the same in FY 2010-11 as FY 2006-07, and decreased for 2011-12. However, the fire assessment continues to increase annually resulting in a 43% increase during the timeframe.

Property Tax

Since FY 2007-08, the total assessed property value has decreased 12% from \$215.0 million to \$188.8 million. However, the decreases in assessed value have been relatively low in comparison with other areas of the county. For 2012-13, the County identifies a decrease of 1.32%. This lessening of the decline in annual change, however nominal, is a positive sign for the community. There is a correlation between assessed property value and the receipt of property taxes. The chart below shows the assessed values and tax levies for the past six years.

Year	Assessed Value		Tax Received	
	Valuation	% change	Total Tax	% change
2007-08	\$ 219,466,184	16.77%	\$ 438,520	15.20%
2008-09	\$ 223,434,153	1.81%	\$ 439,874	0.31%
2009-10	\$ 211,888,756	-5.17%	\$ 420,263	-4.46%
2010-11	\$ 199,152,315	-6.01%	\$ 383,400	-8.77%
2011-12	\$ 191,364,025	-3.91%	\$ 365,916	-4.56%
2012-13	\$ 188,842,644	-1.32%	\$ 365,516	-0.11%
sources: County of San Bernardino, Agency Net Valuations (2007/08 - 2011/12) District financial statements FY 2007/08 - 2010/11 District budget FY 2012-13				

Foreclosure activity has affected the nation in general and Morongo Valley community is no exception. According to data obtained from staff of the County of San Bernardino Assessor's Office, from 2004 to 2008 the community had 74 foreclosures. Foreclosures peaked in 2009 (82), and remained relatively high for the next two years: 2010 (54) and 2011 (76).

MORONGO VALLEY FORECLOSURES (2004-2011)							
2004	2005	2006	2007	2008	2009	2010	2011
4	2	6	23	39	82	54	76
source: County of San Bernardino Assessor							

Fire Assessment

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In 2002, in response to declining numbers of volunteer firefighters and to community concerns regarding 30-minute response times by the County-franchised ambulance service, the District proposed the Morongo Valley Fire and Rescue Assessment pursuant to Government Code Sections 50078 et seq. According to the ballot measure, the assessment provides funding to:

- Ensure a minimum of two paid fire personnel on duty 24 hours a day, 7 days a week,
- Upgrade Emergency Medical Service from EMT/Firefighter (Basic Life Support) to Paramedic/Firefighter (Advance Life Support),
- Significantly improve response times for Advance Life Support. [At that time, the private ambulance company was allowed up to 30 minutes to respond with a paramedic.] A Morongo Valley Paramedic/Firefighter responds directly with an engine,
- Guard against possible increases in fire and home insurance by protecting the District's fire risk rating, and
- Work towards improving fire risk rating in areas with highest insurance rates by establishing a water haul system.

In 2002-03, the District conducted a special assessment election for fire purposes. Due to a calculation error (reason unknown to the current CSD Board and management), it was determined that the assessment election failed. In 2005-06 the District began contemplating a new assessment for fire protection and determined to request a legal opinion on the outcome of the prior election. In July 2006, the district received a legal opinion determining that the prior ballot measure did pass. The District then commenced collection of the assessment approved in 2002 starting with FY 2006-07.

The total cost of the fire protection service is allocated to each property based on estimated special benefit received pursuant to the Engineer's report at the time of election. The method of benefit allocation is based on the relative benefit to a property in relation to a single family home, the type of property, and its size, adjusted for inflation capped at 3% each year. For FY 2002-03, the single family equivalent (SFE) was a single family home on a ½ acre or less with an assessment of \$113.82 (although not collected at that time). For FY 2012-13, the SFE assessment is \$148.65. Since the start of collection in FY 2006-07, the fire assessment continues to increase annually resulting in a 40% increase during the timeframe. This is in comparison with the general ad valorem property taxes which have decreased over the six year period by more than 12%.

The CSD has identified to the Commission that it has not updated the annual parcel submission to the County Tax Collector. Since parcel use can change, the Commission recommends that the CSD perform an audit of its parcel listing for the next submission to the County Tax Collector of its fire assessment. The District has provided a copy of the engineer's report for the original commencement and in its letter to has stated that it will perform a complete engineering report prior to next year's assessment process.

Expenditures

The primary expenditure activities in order are: fire operations, general government, park and recreation, debt service, and streetlights. From this, salaries and wages and operations expenses comprise the highest percentage of expenditures.

As for park and recreation, when excluding the revenues and expenditures from grant funds, the annual expenditures are generally constant. However, the general government and fire operation

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activities have increased significantly. The figure below is based on the Fund Balance figure above, but shows the net cost of the District's four activities for the past three audited years. As shown, the three service activities (fire, park, and streetlights) all require property tax revenue to operate since these activities are not business-type activities (*italicized*). The key point is how much property tax is needed to fund each activity. However, with debt service retired as of June 30, 2012, the District will annually have an additional \$25,000 to reduce the fire activity's burden on the property tax revenue.

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NET COST OF GOVERNMENTAL ACTIVITIES						
FY 2009-10	General Gov	Fire	Park & Rec	Streetlights	Total	
Revenues:						
Property tax	206,322	209,850	-	4,091	420,263	
Fire assessment	-	269,762	-	-	269,762	
Other	12,068	18,156	101,201	-	131,425	
Total Revenues	\$ 218,390	\$ 497,768	\$ 101,201	\$ 4,091	\$ 821,450	
Expenditures:						
Salaries & wages	39,015	280,340	24,915	-	344,270	
Benefits	14,391	38,463	7,434	-	60,288	
Operations expense	28,033	154,338	32,398	4,091	218,860	
Debt service	-	24,627	-	-	24,627	
Total Expenditures	\$ 81,439	\$ 497,768	\$ 64,747	\$ 4,091	\$ 648,045	
Revenues less Expenditures	\$ 136,951	\$ -	\$ 36,454	\$ -	\$ 173,405	
FY 2010-11	General Gov	Fire	Park & Rec	Streetlights	Total	
Revenues:						
Property tax	81,918	243,817	53,549	4,116	383,400	
Fire assessment	-	280,605	-	-	280,605	
Other	631	4,992	193,868	-	199,491	
Total Revenues	\$ 82,549	\$ 529,414	\$ 247,417	\$ 4,116	\$ 863,496	
Expenditures:						
Salaries & wages	46,538	299,255	34,349	-	380,142	
Benefits	10,075	46,111	7,513	-	63,699	
Operations expense	29,403	159,421	205,555	4,116	398,495	
Debt service	-	24,627	-	-	24,627	
Total Expenditures	\$ 86,016	\$ 529,414	\$ 247,417	\$ 4,116	\$ 866,963	
Revenues less Expenditures	\$ (3,467)	\$ -	\$ -	\$ -	\$ (3,467)	
FY 2011-12	General Gov	Fire	Park & Rec	Streetlights	Total	
Revenues:						
Property tax		324,425	35,305	2,264	361,994	
Fire assessment		286,528	-	-	286,528	
Other		58,002	5,877	-	63,879	
Total Revenues	\$ -	\$ 668,955	\$ 41,182	\$ 2,264	\$ 712,401	
Expenditures:						
Salaries & wages		341,444	35,985	-	377,429	
Benefits		38,757	10,957	-	49,714	
Operations expense		213,196	32,772	4,074	250,042	
Debt service		12,313	-	-	12,313	
Total Expenditures	\$ -	\$ 605,710	\$ 79,714	\$ 4,074	\$ 689,498	
Revenues less Expenditures	\$ -	\$ 63,245	\$ (38,532)	\$ (1,810)	\$ 22,903	
source: Combining Statement of Revenues, Expenditures, & Change in Fund Balance						

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G. Post-Audit Revenues and Expenditures

Moving beyond the FY 2011-12 audit year, the figure below shows the 2012-13 Adopted Budget and LAFCO's projections for the following two years. As shown, LAFCO projects a decline in revenues by five percent and an increase in expenditures by three percent, rounded up to a total fund balance decrease of nine percent. The projections identify a deficit representing 3.2% of expenditures (roughly \$22,500) for 2013-14 and 4.2% (roughly \$30,000) for 2014-15. A projected deficit of 3.2% and 4.2% could be considered manageable given fee increases and/or expenditure cuts. Therefore, given the data provided by the CSD, the CSD is likely to be able to continue providing service at its current level through 2014-15.

POST AUDIT: 2012-13 BUDGET & TWO-YEAR PROJECTION					
	2011-12 Audit	2012-13 Budget	2013-14 LAFCO Projection	2014-15 LAFCO Projection	3-yr Var.
Revenues:					
Property tax	366,739	365,516	365,516	365,516	0%
Fire assessment	286,528	291,915	297,753	303,708	6%
Grant income	31,971	5,293	-	-	-100%
Fire service	1,542	27,900	3,638	3,711	141%
Park revenue	3,332	5,200	5,304	5,410	62%
Other	22,289	1,500	1,500	1,530	-93%
Total Revenues	\$ 712,401	\$ 697,324	\$ 673,712	\$ 679,876	-5%
Expenditures:					
General government	105,302	179,877	183,475	187,144	78%
Fire operations	500,731	485,323	495,029	504,930	1%
Park & recreation	67,078	12,924	13,182	13,446	-80%
Streetlights	4,074	4,200	4,284	4,370	7%
Debt service/replacement	12,313	15,000	-	-	-100%
Total Expenditures	\$ 689,498	\$ 697,324	\$ 695,970	\$ 709,890	3%
Revenues less Expenditures:	\$ 22,903	\$ -	\$ (22,259)	\$ (30,014)	
Fund Balances, Beginning	542,444	565,347	565,347	543,088	
Fund Balances, Ending	\$ 565,347	\$ 565,347	\$ 543,088	\$ 513,074	-9%
Change from prior year	4.2%	0.0%	-3.9%	-5.5%	
sources: CSD Audit and Budget, LAFCO					

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H. Appropriations Limit

Article XIII B of the State Constitution (the Gann Spending Limitation Initiative), mandates local government agencies receiving the proceeds of taxes to establish an appropriations limit. Without an appropriations limit, agencies are not authorized to expend the proceeds of taxes. Section 9 of this Article provides exemptions to the appropriations limit, such as Section 9(c) exempts the appropriations limit for special districts which existed on January 1, 1978 and which did not levy an ad valorem tax on property in excess of \$0.125 (12 ½ cents) per \$100 of assessed value for the 1977-78 fiscal year. According to the *County of San Bernardino 1977-78 Valuations/Tax Rates* publication, the tax rate for the District for FY 1977-1978 was \$1.0653 per \$100 of assessed value. Being over the \$0.125 tax rate, the district does not qualify for an exemption from the requirement of an appropriations limit. Therefore, it must have an appropriations limit. Failure to provide for an appropriation limit calls into question the District's ability to expend the proceeds of taxes (general ad valorem share and special taxes).

Section 1.5 reads that the annual calculation of the appropriations limit for each entity of local government shall be reviewed as part of an annual financial audit. Further, Government Code Section 7910 expands upon the Gann Initiative and requires each local government to annually establish its appropriation limits by resolution. Since the District lacks the mandatory appropriation limit, the District's audits and budgets do not identify adherence to the above-mentioned audit and budget requirements and no verification of this requirement has taken place as required by State law and the Constitution.

The District has responded to this information by identifying that it will adopt an appropriation limit at its November 14, 2012 hearing.

I. Filing and Adoption Requirements

Government Code Section 26909 requires all districts to provide for regular audits; the Agency conducts annual audits and meets this requirement. Section 26909 also requires districts to file a copy of the audit with the county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, the last audit received was in August 2011 for FY 2009-10. The Commission determines that the CSD shall be required to forward its subsequent audits to the County Auditor.

Government Code Section 61110(f) requires a CSD to adopt a final budget by September 1 of each year and shall forward a copy of the final budget to the county auditor. A review of the CSD's budgets indicates that it meets this requirement.

J. Conclusion to Financial Determination

In reviewing the District's financial statements, net assets have increased by 38% since FY 2006-07. During the past five years Total Assets have increased by 23% and Total Liabilities have decreased by 74%. From the Net Assets perspective, the financial health the District overall has increased during the past five years. Additionally, the fund balance has increased by 124% since FY 2006-07 with Total Revenues increasing by 25% and Total Expenditures increasing by 63%. The CSD maintains unrestricted fund balance in its general fund of more than two months of regular general fund operating revenues or expenditures. Therefore, given the data provided by

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the CSD, the CSD is likely to be able to continue providing service at its current level through 2014-15.

However, the CSD does not comply with CSD law due to the lack of reserve policy. CSD management has identified that it is in the process of formulating a Financial Practices Policy and hopes for adoption of that policy this fiscal year.

Of concern is that the management of the District has elected to omit the required Management Discussion and Analysis information for at least the past five audited years. This material is necessary for the Board of Directors and the public to be able to understand the financial position of the district. In its response to the Commission, the CSD states that it will include a Management Discussion and Analysis beginning with the June 30, 2012 audit.

As a part of this service review the District has outlined its efforts to adopt an appropriations limit as required by the State Constitution.

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

The District did not identify any current or future opportunities for shared facilities. However, the District could partner with the County Library for use of its mobile library program. Such a partnership would provide for increased access to library materials for the community.

Adjacent to the Women's Club, the District owns a five-acre undeveloped parcel. There are no specific plans at this time for its use; however, it was purchased with the intent for creating a partnership with the adjacent Morongo Valley Elementary School.

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

Local Government Structure and Community Service Needs

The CSD is an independent special district governed by a five-member board of directors elected at-large. Members are either elected by the voters at the November election in odd years or are appointed in-lieu of election by the County Board of Supervisors to four-year staggered terms. A review of the election results from the County Registrar of Voters website identifies that competitive elections were conducted from 1997 through 2005 with more people running than open seats. However, the past three elections have not yielded enough interested and qualified candidates for a competitive election to be conducted, resulting in appointments in-lieu of election. In a recent edition of its report, *What's So Special about Special Districts*, the state Senate Local Government Committee states that the, "narrow and technical nature of a district's activities often results in low civic visibility until a crisis arises." The current board, positions, and terms of office are shown below:

Board Member	Title	Term	Elected/Appointed
Johnny Tolbert	President	2015	Appointed –in lieu of Election
Kristina Brook	Vice-President	2013	Appointed Feb. 2012 to fill unexpired term
Chuck Osborne	Director - Parks Commissioner	2015	Appointed – in lieu of Election

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Glen M. Shepherd	Director - Finance Director	2013	Appointed – in lieu of Election
Michael J. Francis	Director – Fire Commissioner	2013	Appointed – in lieu of Election

Regular Board Meetings are scheduled at 7:00 p.m. on the third Wednesday of each month at the community center at Covington Park. The CSD submits information to a third party website (www.92256.net) and the CSD's direct link is (www.92256.net/csd/csd.asp). However, the as of the date of this report the website has not been updated since February 2012 and lacks information on the board of directors. The California Special Districts Association offers a free website program for its members which the CSD should be able to utilize.

The CSD utilizes County Counsel for its legal needs. However, the CSD has confirmed that legal counsel is not present at board meetings, and in the past it has contracted with outside legal counsel (see Legal Opinion for Fire Assessment).

Operational Efficiencies

Operational efficiencies are achieved through the following:

- The CSD could realize savings by participating in the August special districts consolidated election (mail ballot) instead of the consolidate November election.

Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Service Agreements:

The District provides fire response outside its boundaries through the state mandated mutual aid agreement.

The CSD (through its Fire Department) and the Inland Counties Emergency Medical Agency ("ICEMA") (County Board of Supervisors acting as the ICEMA Board of Directors) entered into a non-financial agreement in 2008 authorizing the CSD to provide non-transport Advanced Life Support services within District's boundaries and its sphere of influence. The agreement was from February 2008 through January 2010 and is automatically renewed for successive two-year periods unless terminated or amended.

The CSD and the San Bernardino County Fire Protection District ("County Fire") have entered into an automatic aid/mutual aid agreement to provide the most expeditious response to suppress fires and render other emergency services. The agreement identifies that neither party shall be obligated to reimburse the other for its response. The term of the agreement is until June 30, 2017 with a 90-day termination notice.

Government Structure Options:

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The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

The following scenarios are presented to address possible government service delivery options, and are theoretical scenarios for the community to consider for the future.

- A single fire agency for the Morongo Basin. The responsibility of fire protection and emergency services currently provided by the CSD could become the responsibility of County Fire and its South Desert Service Zone. There are benefits to regionally providing services, such as fire protection, through a single entity such as the transfer of existing revenue streams to the larger fire entity for regional use and potential economies of scale that could be achieved through joint administration, joint purchasing, etc. However, without support from all affected agencies this option would not be achievable.

In the discussion of this option, LAFCO would support the annexation of this territory to County Fire and the transfer of the existing property tax support for these operations from the district. However, during the reorganization of County Fire (LAFCO 3000), the property tax revenues generated within each of the unincorporated areas derived by CSA 70 was transferred to County Fire for its administration, most importantly from within the service area independent fire providers within the unincorporated area. For the CSD's area, roughly \$52,000 was transferred to County Fire for fire administration. Below is the chart which was included in the September 2007 staff report for LAFCO 3000 outlining this distribution.

SUMMARY OF REVENUE ALLOCATED TO CSA 70 ^a					
Prepared by Bob Wright 2/27/07					
	Assessed Value In CSA 70	1% General Tax Levy	CSA 70 Revenue	Independent District Revenue	# TRAs
Crest Forest Fire Protection District	1,368,861,644	13,688,616.44	323,282.27	3,248,324.64	52
Chino Valley Independent Fire District	438,657,966	4,386,579.66	111,192.51	644,285.16	21
Apple Valley Fire Protection District	919,969,619	9,199,696.19	261,868.80	914,490.28	90
Barstow Fire Protection District	271,329,791	2,713,297.91	69,506.45	663,640.71	25
Rancho Cucamonga Fire Protection District	92,986,681	929,866.81	24,993.45	117,116.79	13
Arrowbear Park County Water District	109,185,352	1,091,853.52	29,580.76	224,409.90	2
Running Springs County Water District	530,926,431	5,309,264.31	134,376.95	1,460,365.16	19
Big Bear Lake Fire Protection District	11,153,693	111,536.93	2,886.69	18,388.82	2
Big Bear City Community Services District	1,886,320,591	18,863,205.91	532,325.71	1,725,718.50	17
Morongo Valley Community Services District	200,630,602	2,006,306.02	52,124.25	363,395.32	21
Twentynine Palms Water District	1,162,534	11,625.34	388.27	0.00	4
Yermo Community Services District	78,014,587	780,145.87	25,277.40	78,008.05	8
Daggett Community Services District	23,336,338	233,363.38	6,439.71	55,730.25	16
Newberry Community Services District	161,113,077	1,611,130.77	52,174.36	162,401.48	14
Baker Community Services District	37,665,171	375,651.71	11,182.79	66,264.78	1
	6,131,214,077	61,312,140.77	1,627,600.37	9,732,538.85	305
REMAINING UNINCORPORATED AREA			4,534,982.00		

Contracting with County Fire for fire protection does not provide access to these administration funds; however, annexation would.

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- Assumption of retail water responsibility as well as other municipal level services for the community. Within the CSD, County Service Area 70 has two isolated zones for retail water delivery and an isolated zone for television service. As a multi-function, independent special district, the CSD has the statutory authority to provide retail water and television services, although activation of such services is subject to LAFCO review and authorization. In this scenario, the CSD could assume responsibility for the service entities within its boundaries.

Such a change is in concert with the Commission's community service ideology, there would be a single agency providing the full range of municipal services within a community (along with a transfer of the property tax share of each respective agency) and reduction of multiple agencies providing the same service. LAFCO bases this possibility upon the following:

Legislature's intent in Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and Community Services District Law. The preamble to Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 reads that while the Legislature recognizes the critical role of many limited purpose agencies, especially in rural areas, it finds and declares that a single multipurpose governmental agency accountable for community service needs and financial resources may be the best mechanism for establishing community service priorities.

San Bernardino LAFCO has utilized community services districts as a service mechanism to nurture communities and protect them from intrusion by other service providers so that the potential for a future incorporated city is retained. Further, the preamble to Community Services District Law states that the intent of the Legislature for CSD Law is to encourage LAFCOs to use their service reviews, spheres of influence, and boundary powers, where feasible and appropriate, to combine special districts that serve overlapping or adjacent territory into multifunction community services districts.

This option was presented to the CSD as a part of its review of a draft of the report and discussed with the District at the meeting held on October 22, 2012. In response to these discussions, the CSD indicates that its preference is to have the water and television functions remain the responsibility of the County.

However, LAFCO returns to the Legislature's intent in LAFCO Law and Community Services District Law and the Commission's policy on spheres of influence in that a single multi-function agency may be the best mechanism to coordinate and provide service within a defined community. It is evident that the current situation results in multiple governing bodies, administration, overhead, and financial reporting.

- Maintenance of the status quo. This option retains the existing structure for fire protection, park and recreation, library, and streetlighting services for the Morongo Valley community and maintenance of separate entities for water and television within the territorial limits of the CSD.

Within the CSD, two zones of the County provide water service from separate systems. The assumption of that role by the CSD would remove a layer of government in the community. As for fire protection, the current level of service provided by the CSD is considered adequate but inclusion within County Fire may provide more efficient and effective service. For the long-run, LAFCO supports both of these scenarios.

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

1. **Present and Planned Uses:**

Morongo Valley is a rural community with scattered development on large parcels of land. Development consists mostly of residential single-family homes with little commercial development. The community has wilderness and recreational areas within and surrounding the community.

Within the CSD's boundary and current sphere of influence, roughly 36% of the land is privately owned and the remainder, 64%, is public, which are devoted primarily to resource protection and recreational use. The public lands represent lands that are part of the San Gorgonio Wilderness as well as lands that are within the Big Morongo Canyon Preserve along the northern edge of the CSD's existing sphere, which are lands administered by the Bureau of Land Management (BLM). The Big Morongo Canyon Preserve is considered an area of critical environmental concern (ACEC), a conservation ecology program that protects riparian corridors, threatened and endangered species, and unique landscapes.

Within the CSD's existing sphere area, approximately 59% is designated Resource Conservation comprising mostly the public lands administered by the BLM, 7% Open Space, 28% Rural Living, 4% Single Residential, 1% Institutional, 0.5% Multiple Residential, and 0.5% a mix of Commercial and Industrial land uses.

The area being proposed for expansion to the CSD's current sphere of influence (approximately 8,130 acres) is primarily designated Resource Conservation (92%) with little or no development potential since these are mostly public land within the San Gorgonio Wilderness. The privately held lands within the expansion area are lands generally owned by a non-profit conservation group that set aside these lands for preservation. The rest of the expansion area (8%) is designated Rural Living.

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

Fire Protection:

Fire protection and emergency response within the Morongo Valley community is provided primarily by the CSD. As stated in its 2011 Fire Annual Report, the need for four personnel on the fire engine with minimum of three makes a marked difference than two personnel because:

- Traffic accidents in Morongo Valley are usually high impact in nature causing severe injuries with a higher possibility of extraction needed.
- Cardiac arrest incidents are very difficult to handle with only two personnel as it is most effective to have a minimum of two personnel for the subject and one for incident documentation.

Also, plans for future training consist of live burn classes through the Twentynine Palms Marine Corps Base Fire Department, wildland training classes by the San Bernardino County

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Training Officers Association, and neighboring training drills in Yucca Valley through County Fire.

The Annual Report identifies that training of its staff could be increased if it were able to acquire additional training facilities. It also states that the District would benefit tremendously from acquiring a designated training area as well as a facility.

Park and Recreation:

The District adopted a 2008 Master Park Strategic Plan through 2013. The Plan states that it strives to avoid repetition of the County's Morongo Valley Community Plan, but draws on the desires of the residents expressed in the Community Plan and the CSD's Park Committee workshops.

In 2011 the District was able to upgrade the facilities at Covington Park with grant funds. Improvements include:

- Purchase or installation of two vaulted bathrooms, ADA sidewalks, second half of skate park, valley ball court, purchase of two sets of bleachers, water fountain, electric pedestals, and 5000 gallon water tank for emergency use.
- Upgrade or repair to the pavilion concrete floor and stage area, shack and storage building, children's playground, and tennis courts.

The Community Plan expresses a desire for intra-community hiking and equestrian trails, traversing federal and state lands. The Park Master Plan identifies that the County Park lands could be used for such a purpose.

In 2000, the Morongo Valley Women's Club deeded its clubhouse facility to the CSD. There is no specified timeline for these improvements. The Park Master Plan states that improvements will be financed with grant funds, donated materials, and volunteer labor. Equipment, furniture, and programming needs will be met with donations.

In 2002 the District purchased a five-acre undeveloped parcel adjacent to the Women's Club. The Master Plan identifies that it could be used for a fitness trail. The Park Master Plan states that funding for the trail would come from voter-approved state bond act funds for parks.

Streetlighting:

The CSD provides service for 28 streetlights. At this time, there are no plans to increase the number of the streetlights within the Community.

Library Services:

A Community Development Block Grant was secured to fund expansion of the Children's Library. For Summer 2012, the Children's Library Director and volunteers are conducting a summer program for children of the community twice weekly in addition to the Thursday and Saturday programs.

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

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Fire Protection:

The CSD operates its fire protection and paramedic response through its fire department. The CSD has two fire stations located within the community:

- Fire Station 461

Station 461 is the main fire station and command center for the CSD's Fire Department. It is located at the center of the commercial district, adjacent to the CSD office on Ocotillo Street, in the most densely populated area of the community. The facility houses a medic engine (Type I Engine), brush engine (Type III Engine), fire engine, command vehicle, water tender, utility vehicle, steel cargo container, trailer generator, and all critical equipment.

- Fire Station 462

Fire Station 462 is located in the eastern section of community off Highway 62 on Sundown Trail. This facility has no living quarters. In the past it was used by the Bureau of Land Management, for paid call response by the CSD, and provided a bay for a Sheriff's Citizen Patrol unit. Presently, it is used for training purposes. The bays are used to house a reserve engine (Type I engine) and tactical water tender.

Station 462 currently does not have adequate facilities or space to accommodate a crew for 24 hours since there is no housing quarters present. The CSD is formulating a community-oriented reserve water tender operator program which will allow the department to staff equipment at Station 462 on an as-needed basis thus allowing for better fire response for the east end of the district.

Park and Recreation:

The CSD owns, maintains/operates, and/or leases park and recreation facilities within the Morongo Valley:

- Covington Park

Covington Park is comprised of five acres deeded to the CSD in 1962 to be used for public park or place of resort and recreation. The park is located at Mojave Drive and Vale Drive and is contiguous to the Big Morongo Canyon preserve. The park's hardscape includes: two tennis courts, skate park, community building, snack stand, storage area, children's playground, pavilion, grill area, and picnic tables.

- County Park lands – long term lease

Adjacent to Covington Park, the District has leased County park lands since 1979. The approximate area of 35 acres located off Park Avenue contains a baseball field, practice field, snack stand, and bathrooms. The baseball field has lights for night play but they have not been in use for several years due to the operating expense. The majority of the area is in its natural state. The CSD maintenance building and yard is also located on these lands – leased to the CSD by the County. The building houses equipment and tools to maintain all the CSD facilities. As outlined in the service review portion of this report, the CSD and County

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Regional Parks are negotiating a new lease for these facilities. Without a new lease the facilities, including improvements made by the district, will vest in the County.

- Big Morongo Canyon Preserve

The Big Morongo Canyon Preserve provides recreation opportunities such as hiking trails, ecology trails, nature study and bird watching opportunities. The preserve land is managed by the Bureau of Land Management. Service delivery from the Morongo Valley CSD is limited to the provision of emergency response.

- Women's Club

In 2000, the Morongo Valley Women's Club deeded its clubhouse facility to the CSD. The building, which once was a school house, was built in 1947 by volunteers on donated land. The building is not currently open to the public but future plans include reviving the use as a community hall, installing exhibits featuring local history, and developing programs in conjunction with the neighboring elementary school.

- Vacant Parcel

In 2002 the District purchased a five-acre undeveloped parcel adjacent to the Women's Club. There are no specific plans at this time for its use; however, it was purchased with the intent of a creating a partnership with the adjacent Morongo Valley Elementary School.

Streetlighting:

The CSD has identified and provided verification from Southern California Edison that it provides service for 28 streetlights. The streetlights are classified as all night service (activated from dusk until dawn). Southern California Edison owns the streetlights and responds to problems, and the CSD provides for payment of the utility costs associated with the individual lights.

Library Services:

The Covington Park community building is where the Children's Library is located.

4. Social and Economic Communities of Interest:

Social and economic communities of interest include the Morongo Valley, the San Gorgonio Wilderness, the Big Morongo Canyon Preserve (which is considered an area of critical environmental concern), and the Morongo Unified School District.

5. Present and Probable Need for Fire Protection Facilities and Services of any Disadvantaged Unincorporated Communities within the Existing Sphere of Influence.

Portions of the CSD's sphere of influence are considered to be disadvantaged unincorporated communities, as defined by Government Code Section 56033.5 and Commission policy. The community of Morongo Valley itself is considered a disadvantaged unincorporated community comprised of sparse rural residential development with large lot residential development (primarily Rural Living, 2 ½ acre lots and 5-acre lots). Within the boundaries of the CSD,

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residents pay a special tax to supplement the general ad valorem property tax fund fire protection and emergency response services. The disadvantaged, unincorporated communities within the District's sphere but outside of its boundaries are within the boundaries of the San Bernardino County Fire Protection District and its South Desert Service Zone.

6. Additional Determinations

- As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation within the area, the *Hi-Desert Star*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As outlined in Commission Policy, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.
- As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice. In addition, on October 22, 2012, LAFCO staff met with the District and representatives to review the determinations and recommendations made within its draft report, to solicit comments on the determinations presented and to respond to any questions of the affected agencies.
- Comments from landowners/registered voters and any affected agency have been 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 Morongo Valley Community Services District shall be limited to the following:

FUNCTIONS

SERVICES

Fire Protection

Structural, watershed, prevention, first aid, paramedic, rescue

Park and Recreation

Local park development, operation, maintenance

Streetlighting

Streetlighting

Library Service

Library Service

WHEREAS, having reviewed and considered the findings as outlined above, the Commission determines to expand the Morongo Valley Community Service District's existing sphere of influence by approximately 8,130 acres and affirms the balance of its existing sphere of influence.

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 territory shown on the map attached as Exhibit "A" as being within the sphere of influence of the Morongo Valley Community Services District; it being fully understood that establishment of such a sphere of influence is a policy declaration of this Commission based on existing facts and circumstances which,

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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 the Morongo Valley Community Services District shall indemnify, defend, and hold harmless the Local Agency Formation Commission of the County of San Bernardino from any legal expense, legal action, or judgment arising out of the Commission's designation of the modified 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:** Bagley, Cox, Curatalo, McCallon
Mitzelfelt


NOES: **COMMISSIONERS:** None

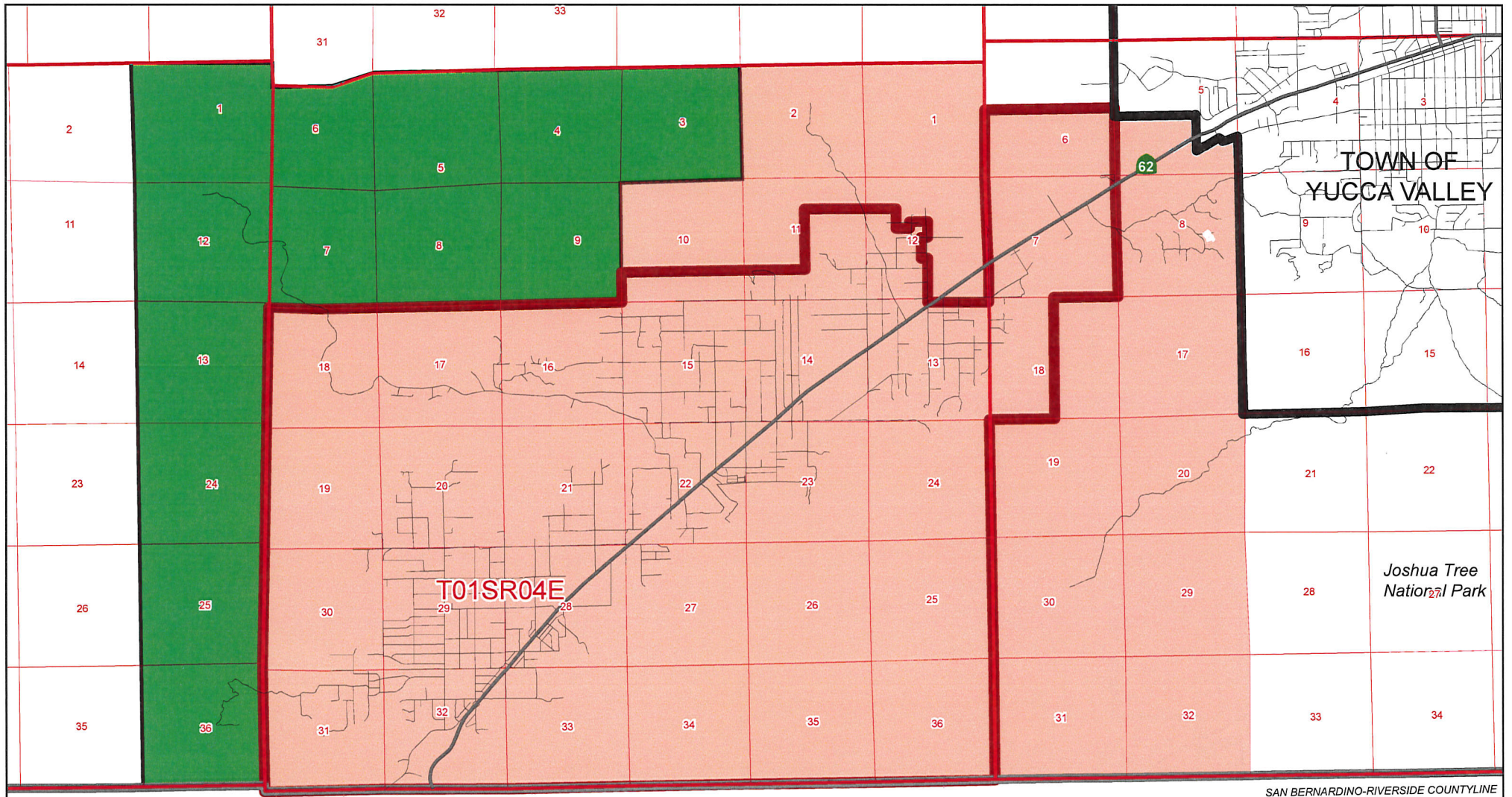
ABSENT: **COMMISSIONERS:** Rutherford, Williams

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 November 21, 2012.

DATED: November 21, 2012


KATHLEEN ROLLINGS-McDONALD
Executive Officer



SAN BERNARDINO-RIVERSIDE COUNTYLINE

EXHIBIT A

LAFCO 3151 - Sphere of Influence Update for the Morongo Valley Community Services District

- Morongo Valley Community Services District
- Morongo Valley CSD Sphere of Influence
- Countyline

- Sphere of Influence Expansion
- Township/Range
- Section Lines

EXHIBIT A