

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

**NORTON REGIONAL EVENT CENTER
1601 EAST THIRD STREET, SAN BERNARDINO**

REGULAR MEETING OF JULY 18, 2018

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

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 Meetings of [May 16, 2018](#) and [June 20, 2018](#)
2. [Approval of Executive Officer's Expense Report](#)
3. [Ratify Payments as Reconciled for Month of May 2018 and Note Cash Receipts](#)
4. [Unaudited Year-End Financial Report for Fiscal Year 2017-18](#)
5. [Approval of Fiscal Year 2009-10 Financial Records Destruction Pursuant to Commission Policy](#)
6. [Review and Update the Catalog of Enterprise Systems per Government Code Section 6270.5](#)
7. Consent Items Deferred for Discussion

PUBLIC HEARING ITEMS:

8. [Consideration of: \(1\) CEQA Statutory Exemption for LAFCO 3227; and \(2\) LAFCO 3227 – Sphere of Influence Establishment for the Wrightwood Community Services District \(coterminous sphere of influence\)](#)
9. [Consideration of: \(1\) CEQA Statutory Exemption for LAFCO 3190 and \(2\) LAFCO 3190 – Service Review for Wastewater Services \(Collection, Treatment, Disposal\) Countywide \(Valley, Mountain, North Desert, South Desert Regions\)](#)
TO BE CONTINUED TO THE AUGUST 15, 2018 HEARING

DISCUSSION ITEMS:

10. Review and Authorize Budget Adjustments for Fiscal Year 2018-19 Budget to include:
 - a. Decrease in Salaries and Benefits, Increase in Services and Supplies, and Increase in Contingency and Reserves; and
 - b. Review and Approve Contract Extension with Robert Aldrich to Provide Supplemental Staffing during FY 2018-19

INFORMATION ITEMS:

11. Legislative Update Report
12. Executive Officer's Oral Report
 - a. New Proposals Received
 - b. Update on Proposals Filed with LAFCO
13. 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.)
14. Comments from the Public
(By Commission policy, the public comment period is limited to five minutes per person for comments related to other items under the jurisdiction of LAFCO not on the agenda.)

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) 388-0480 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 - ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF MAY 16, 2018**

REGULAR MEETING

9:00 A.M.

MAY 16, 2018

PRESENT:

COMMISSIONERS:

**Jim Bagley
James Ramos, Chair
Diane Williams
Larry McCallon**

**Steven Farrell, Alternate
Kimberly Cox
Jim Curatalo, Vice-Chair
Janice Rutherford, Alternate**

STAFF:

**Kathleen Rollings-McDonald, Executive Officer
Clark Alsop, LAFCO Legal Counsel
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, Project Manager
Jeffrey Lum, LAFCO Analyst
La Trici Jones, Commission Clerk
Bob Aldrich, LAFCO Consultant**

ABSENT:

COMMISSIONERS:

**Robert Lovingood
Acquanetta Warren, Alternate**

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION
– CALL TO ORDER – 9:08 A.M. – NORTON REGIONAL EVENT CENTER**

ITEM 1. PUBLIC COMMENTS ON CLOSED SESSION

No comments provided

**ITEM 2. CONVENE CLOSED SESSION – CONFERENCE ROOM ADJACENT TO
EVENT CENTER:**

Public Employee Appointment Pursuant to Government Code Section 54957
Title: Executive Officer

Conference with Labor Negotiators Per Government Code Section 54957.6:
Agency Designated Negotiator: Clark Alsop, LAFCO Legal Counsel
Unrepresented Employee: Executive Officer

ITEM 3. RECONVENE PUBLIC SESSION

Announcement From Closed Session

LAFCO Legal Counsel Clark Alsop states that the Commission met in closed session to discuss the public employee appointment of the Executive Officer for LAFCO. He states that the

Commission conducted interviews yesterday, finalized its action today, and made a selection. Mr. Alsop states that the Commission selected Samuel Martinez as the new LAFCO Executive Officer, subject to negotiating a contract which will be brought back to the Commission once finalized at the June Commission meeting.

Chair Cox states that she would like to thank all the interested parties who submitted their applications to the Commission and went through the interview process. She states that the Commission had some very fine candidates competing for the position. Chair Cox wishes Mr. Martinez luck with his contract negotiation.

Mr. Martinez states that he is extremely grateful and honored to be selected as the next Executive Officer of LAFCO. He states that he does not take the responsibility lightly and will do his best with integrity, commitment and professionalism.

Commissioner Rutherford leaves the dais at 10:07A.M.

ITEM 4. Swear in Special District Members/City Members

City Commissioner McCallon, Special District Commissioner Curatalo and Alternate Special District Commissioner Farrell are sworn in, and the oath of office is administered.

ITEM 5. Interview and Select Public Member

Executive Officer Rollings-McDonald states that it is now time to interview and select a public member. She states that the term of office for this position expires in May every four years. Ms. Rollings-McDonald states that included in the materials submitted to the Commission were four applications for the position. She states that all four applicants are present today and have been advised that they will have the ability to make a brief presentation about their interest in this position, and then the Commission can choose to select today or continue for further consideration. Executive Officer Rollings-McDonald calls the candidates for their presentations: Sheema Aamer, Christopher Allen, Louisa Amis and James Bagley. Each candidate makes a brief presentation to the Commission.

Executive Officer Rollings- McDonald states that nominations are now open, or the Commission can choose to continue selection to the next hearing for further deliberation. Chair Cox opens the hearing for nominations.

Commissioner Williams nominates James Bagley, seconded by Commissioner Curatalo.

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

Commissioner Bagley takes his oath of office and sits at the dais.

ITEM 6. Interview and Select Alternate Public Member

Executive Officer Rollings-McDonald states that the position of alternate public member became vacant when Commissioner McEachron took a position with the County, making him ineligible to

continue as the alternate public member. She states that this position will be serving the remainder of the existing term for Mr. McEachron which will expire in May 2020. She states that we have two applicants for this position. She states that Ms. Amis has also applied for this position and has made her presentation, and the other applicant is Yadir Ocegura.

Mr. Ocegura makes his presentation.

Executive Officer Rollings-McDonald turns the hearing over to the Chair to accept nominations. Chair Cox states that in the past, this has been a high desert position, but we had no applicants from the high desert.

Chair Cox opens the hearing for nominations and states that we have two very capable candidates.

Commissioner McCallon nominates Christopher Allen who applied for the primary position. Chair Cox asks for the advice of the Executive Officer as Christopher Allen did not apply for the alternate public member position to which Ms. Rollings-McDonald states that the Commission policies have a nomination and solicitation process for specific positions. She states that if the Commission chooses to override their policy, she would refer to legal counsel.

Mr. Alsop states that he believes that Commission can do this, but states that his opinion is to either select one of the two people who applied for the position or to re-advertise it.

Discussion commences with Chair Cox stating that the Commission needs to decide if we are going to allow a nomination from those who did not apply specifically for this position. Executive Officer Rollings-McDonald states that the Commission may want to open it up to consider all applicants not chosen rather than go through the 120-day process to re-open it and advertise. Chair Cox states that she agrees because it would save the Commission advertising costs.

Commissioner Ramos states that we have established a process to move forward and staying within the policy would be beneficial. He states that we have two applicants who took the time to apply, and one that applied for both the regular and alternate positions. It was clear that there were two different positions.

Discussion continues.

Chair Cox states Commissioner McCallon's nomination did not receive a second; therefore dies, and calls for further nominations.

Commissioner McCallon states that he would like to make another motion that the Commission open it up to more applicants and that the position be re-advertised.

Chair Cox states that we have a motion on the floor to open it up for additional applicants. She asks the Commission if there is a second to the motion. Commissioner Curatalo seconds the motion.

Commissioner Bagley asks for clarity if this means we would go back out and publicly advertise. Executive Officer Rollings-McDonald states that it would require a full re-run and re-advertising the process for the alternate member position,

Chair Cox states that the second on the floor is to re-advertise this with all the adjudicated papers that cover San Bernardino County and bring it back to the Commission at a date to be determined in the future. Chair Cox calls for the Roll vote: Ayes: Bagley, Curatalo, McCallon
Noes: Cox, Ramos, Williams

Chair Cox states that the vote is 3 to 3 and refers to Executive Officer Rollings-McDonald. Ms. Rollings-McDonald states that in a tie vote, it is automatically continued to the next meeting unless you wish to re-consider and provide for another nomination.

Commissioner Cox moves to nominate Louisa Amis for the position of alternate public member, second by Commissioner Ramos. The motion passes with the following roll call vote: Ayes: Cox, Curatalo, Ramos, Williams. Noes: McCallon. Abstain: None. Absent: Lovingood.

Chair Cox welcomes Ms. Louisa Amis to the Commission and asks that she stand to receive the oath of office and take her seat at the dais.

ITEM 7. Selection of Chair and Vice Chair

Commissioner Cox states that she would like to nominate Vice-Chair Ramos for the Chair position, seconded by Commissioner Curatalo.

Commissioner Cox calls for further nominations, there being none, calls for the roll call which is as follows: Ayes: Cox, Curatalo, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Lovingood

Commissioner Cox passes the gavel to newly selected Chair Ramos.

Chair Ramos states that the next item on the agenda is selection of the Vice-Chair. Commissioner Cox nominates Commissioner Curatalo for Vice Chair, seconded by Commissioner Williams.

Commissioner McCallon nominates Jim Bagley for Vice-Chair. Chair Ramos calls for a second. There being none, the nomination fails.

Commissioner Cox moves to close nominations, seconded by Commissioner Curatalo. No opposition to closure expressed.

Chair Ramos states that Commissioner Curatalo has been nominated and seconded for Vice-Chair.

Commissioner Cox moves for the nomination of Jim Curatalo as Vice-Chair, second by Commissioner Williams. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Lovingood

CONSENT ITEMS – STAFF RECOMMENDATION APPROVED

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.

- ITEM 8.** Approval of Minutes for Regular Meeting of April 18, 2018
ITEM 9. Approval of Executive Officer's Expense Report
ITEM 10. Ratify Payments as Reconciled for Month of March 2018 and Note Cash Receipts

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

ITEM 11. Consent Items Deferred for Discussion

Executive Officer Rollings-McDonald states that there are no requests for removal from the consent calendar for discussion.

PUBLIC HEARING ITEMS:

Executive Officer Rollings-McDonald states that the next two items on the agenda relate to the final actions for the Commission's budget for the upcoming fiscal year.

ITEM 12. **FISCAL YEAR 2018-19 FINAL BUDGET REVIEW TO INCLUDE THE FOLLOWING:**

- a. Consideration of (1) CEQA Statutory Exempt for Schedule of Fees, Deposits and charges Revisions; and (2) Review and Adoption of Schedule of Fees, Deposits, and Charges effective June 1, 2018

Executive Officer Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. The item has been advertised through publication in a newspaper of general circulation within the county, the *San Bernardino Sun*, as required by law.

Ms. Rollings-McDonald states that this proposed fee schedule was circulated to all cities, special districts and the County for review and comment. She states that during the review period, staff did not receive any comments so staff is recommending that the Commission take the actions outlined on page 1 of the staff report which includes making the environmental determinations. Ms. Rollings-McDonald states that the CEQA guidelines allow for making determinations and findings that a Schedule of Fees is exempt from CEQA based upon the rates and charges for meeting operational expenses do not exceed the cost of providing the service. She recommends that the Commission direct the Executive Officer to file a notice of exemption and adopt the Schedule of Fees, Deposits and Charges effective June 1, 2018. She also recommends that the Commission adopt the draft resolution reflecting the Commission's determinations.

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

ITEM 12. FISCAL YEAR 2018-19 FINAL BUDGET REVIEW TO INCLUDE THE FOLLOWING: STAFF RECOMMENDATION APPROVED

- b. Review and Adoption of Final Budget for Fiscal Year 2018-19 including the Apportionment for Independent Special Districts, Cities and the County

Executive Officer Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. The item has been advertised through publication in a newspaper of general circulation within the county, the *San Bernardino Sun*, as required by law.

Executive Officer Rollings-McDonald states that item 12b is for the adoption and approval of the budget for Fiscal Year 2018-19. She states that the proposed budget as adopted at the April hearing was circulated for review and comment by all the cities, special districts and the County. She states that the recommended actions include a declaration that the Commission is overriding its policies related to its Reserve and Contingency levels. Additionally, she states that since the FY 2018-19 budget is less than the FY 2017-18 budget, per Government Code 56381, the Commission is required to determine that the FY 2018-19 budget will accommodate the obligations of the Commission. Finally, she recommends that the Commission direct that the net operating costs be apportioned by the County Auditor and billed to all cities, independent special districts and the County.

Chair Ramos opens the public hearing for comment. There being none, Chair Ramos closes the public hearing and returns the discussion to the Commission.

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

Chair Ramos states that he has a conflict of interest for Items 13 and 14. He passes the gavel to Vice Chair Curatalo and removes himself from the dais at 10:54 A.M.

ITEM 13. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3217 AND (2) LAFCO 3217 – SPHERE OF INFLUENCE AMENDMENT FOR SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT (EXPANSION) AND HESPERIA FIRE PROTECTION DISTRICT (REDUCTION TO ZERO SPHERE OF INFLUENCE) - STAFF RECOMMENDATION APPROVED

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. McDonald states that notice of the Commission's consideration of this application was published in *The Daily Press*, a newspaper of general circulation through an 1/8th page legal ad in-lieu of individual notice as authorized by law.

Executive Officer Rollings-McDonald states that this is the first of a two-step process related to discussions regarding the Hesperia Fire Protection District and the future service delivery of fire protection, emergency medical response and ambulance for that community. She states that the Hesperia Fire Protection District is a subsidiary district of the City of Hesperia. She states that a subsidiary district is a self-governed district, but that the city council sits as an ex-officio board of directors. Ms. Rollings-McDonald states that on November 1, 2016, the Board of Directors of the Hesperia Fire Protection District followed by the San Bernardino County Fire Protection District adopting resolutions initiating this sphere of influence change and submitted it to the Commission.

She states that the sphere of influence is a planning tool, and it defines the area in which an agency's services can logically be extended through the annexation process. She states that this is the first step required for annexation. She states that this proposal will expand the sphere of influence of the San Bernardino County Fire Protection District (SBCFPD) to include the Hesperia Fire Protection District territory, and designate a zero sphere of influence for the Hesperia Fire Protection District indicating that in the future the District will be dissolved.

Executive Officer Rollings-McDonald states that Government Code Section 56425 requires that the Commission make four specific determinations when considering sphere of influence changes: present and planned land uses in the area including agricultural and open space lands, present and probable need for public facilities and services in the area, present capacity of public facilities and adequacy of services that the agency to be expanded provides or is authorized to provide, and existence of any social or economic communities of interest as determined by the Commission to be relevant to the agency. All of which are outlined in the staff report.

Executive Officer Rollings-McDonald states that an additional consideration that is required for sphere of influence determinations for special districts is outlined in Government Code Section 56425 (i), and it requires that the Commission identify the level and range of services to be provided by the special districts. She states that in this case, the current range of services provided by the Hesperia Fire Protection District are fire protection, emergency medical and ambulance. She states that following completion of the proposed sphere amendments, the San Bernardino County Fire Protection District's range of services will remain unchanged, and Hesperia Fire Protection's services would be limited to administering the on-going obligations of the District's CalPERS Legacy Retirement Contract.

Ms. Rollings-McDonald states that an environmental determination has been made regarding the proposed sphere of influence change, and it is recommended that it is exempt from environmental review. She states that notice has been provided by an 1/8 page legal ad in the community, and the map and legal description meet the criteria established by this Commission.

In conclusion, she states that this is the first step in the two-step process in addressing the long-term provision of this critical service to the community of Hesperia to provide for a sustainable fire protection unit.

Executive Officer Rollings-McDonald outlines the staff recommendations in the staff report.

Vice Chair Curatalo asks if there are any questions from the Commission. There are none.

Vice Chair Curatalo opens the public hearing and asks the applicants to address the Commission.

Mr. Nils Bentsen, City Manager for the City of Hesperia, states that on this item the City of Hesperia does not have any comments. He states that their comments will come on the next item.

John Chamberlin, Deputy Chief of Administration for San Bernardino County Fire Protection District, states that on the behalf of County Fire, they will reserve comments for the next item.

Vice Chair Curatalo calls for further testimony; there being none, he closes the public hearing and asks the Commission for action.

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

ITEM 14. CONSIDERATION OF (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3218 AND (2) LAFCO 3218- REOGANIZATION TO INCLUDE ANNEXATIONS TO THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE AND APPLE VALLEY FIRE PROTECTION DISTRICT, DETACHMENTS FROM HESPERIA FIRE PROTECTION DISTRICT AND APPLE VALLEY FIRE PROTECTION DISTRICT AND DIVESTITURE OF FIRE PROTECTION, EMERGENCY MEDICAL RESPONSE AND AMBULANCE SERVICE FROM THE HESPERIA FIRE PROTECTION DISTRICT (HESPERIA FIRE PROTECTION DISTRICT AREA) – STAFF RECOMMENDATION MODIFIED AND APPROVED

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. McDonald states that notice of the Commission's consideration of this application was published in *The Daily Press*, a newspaper of general circulation through an 1/8th page legal ad in-lieu of individual notice as authorized by law.

Executive Officer Rollings-McDonald states that this has been a long and arduous path to bring forward to the Commission for consideration a change in the governance and provision of fire protection services for the City of Hesperia. She states that the City was incorporated on July 1, 1988, and as part of the incorporation effort, the Hesperia Fire Protection District became a subsidiary district of the City of Hesperia. She states that following the recession of the late 1990's, and the failure of a special tax on the ballot to provide supplemental funding, the Hesperia Fire Protection District struggled to fund paramedic service within the District. Ms. Rollings-McDonald states that it was identified that annexation was the best option for Hesperia Fire Protection District and County Fire to pursue, and that action represented the first step in providing a fiscally sustainable, long-term solution to the provision of adequate fire, emergency medical and ambulance services within the City of Hesperia and to the larger Hesperia community.

Ms. Rollings-McDonald states that the Commission is obligated to look at the four major areas of consideration: boundaries, land use, service and financial considerations, and

environmental. She states that the staff report outlines the staff's analysis of each of these issues.

Boundaries: The staff has proposed the modification of the boundary to include a realignment along the Mojave River. This has been reviewed with the County, Hesperia FPD and the Apple Valley Fire Protection District, with all concurring. The proposal anticipates the transfer of ambulance authority to County Fire, and staff has outlined its concern that EOA12A will have an area east of I-15 which is only accessible through EOA 17 (County Fire), and there may be a more efficient method for service to this area through a boundary transfer. The proposal will transition the operation of CFD 94-01 from Hesperia FPD to County Fire. It is LAFCO staff's recommendation that a condition be included which requires that the Future Annexation Area for CFD 94-01 be expanded to include the whole of the Hesperia community (the City of Hesperia sphere of influence) to require that all new construction be included in the CFD to provide for funding of the service. Ms. Rollings-McDonald states that throughout the process the City of Hesperia has objected to the inclusion of this recommendation; however, it is the staff's position that augmented funding is necessary. With these determinations made, staff takes the position that the boundaries, as modified, provide for a definite and certain boundary for all agencies, both successor and continuing service provider.

Land Use: Ms. Rollings-McDonald states that LAFCO 3218 will have no direct impact upon land use decisions within the City of Hesperia.

Service Considerations: Ms. Rollings-McDonald states that the proposal before the Commission is transfer the fire authorities from the Hesperia FPD to County Fire and its North Desert Service Zone, but not to dissolve the Hesperia Fire Protection District which is the typical proposal presented to the Commission. She states that it is proposed that the Hesperia FPD divest all its services except for administration of the remaining legacy retirement obligations with CalPERS. Ms. Rollings-McDonald states that the Plan for Service states that it is the intent of County Fire to meet the National Fire Protection Association recommendation of a first unit response at 5 minutes and first alarm at 8 minutes. The Plan identifies the use of the existing County Station 22 (Spring Valley Lake) to assist in this coverage. Ms. Rollings McDonald provides the service information as outlined in the staff report.

Financial Effects: Ms. Rollings-McDonald outlines the unique circumstances related to the financial implications of the approval of LAFCO 3226, including, but not limited to: the transfer of property tax from Hesperia FPD to County Fire, its North Desert Service Zone and City of Hesperia and the RDA contracts; LAFCO staff updated the Revised Fiscal Impact Analysis with audit data available for FY 2016-17; the requirement for contracts between Hesperia FPD and City of Hesperia for assumption of payment of unfunded retirement obligations; the creation of a Section 115 Irrevocable Trust; and the return of \$750,000 to the City of Hesperia in the first year of operation as a fund balance for payment of retirement costs, etc. Executive Officer Rollings-McDonald states that after much discussion with legal counsel, it was necessary to address the transfer of property tax revenues for LAFCO 3218 due to its unique and nuanced changes. Ms. Rollings-McDonald states an additional element which supports a finding of financial sustainability is the contract between the County and County Fire for providing a defined level of service and the supplemental funding to support that service level. Ms. Rollings-McDonald outlines the range of conditions included in the staff's recommendation to assure financial sustainability.

Environmental: The Commission is the lead agency for environmental assessment of the change of organization. LAFCO's environmental consultant, Tom Dodson of Tom Dodson and Associates, has recommended that the proposal is statutorily exempt from environmental review on the basis that the reorganization is transferring fire and emergency medical response from one entity to another which will not result in any physical impacts on the environment.

Executive Officer Rollings-McDonald states that the only comments received related to the proposal were those from the City of Hesperia in reference to the proposed staff condition on CFD 94-01.

Executive Officer Rollings-McDonald outlines the staff recommendations in the staff report.

Vice Chair Curatalo opens the public hearing and calls for comment from the proponents.

Nils Bentsen, City Manager for the City of Hesperia congratulates Executive Officer Kathleen Rollings-McDonald and staff for their hard work. He states that when it comes to finances, the citizens will receive the same level of service currently going forward in the short-term. He states that in the long-term, services will improve over time. He states that the expansion of 94-01 was never intended by the City and was not the direction given by the city council members when initiating the application.

John Chamberlin, Deputy Chief of Administration for County Fire, co-applicant for the proposal, states that this partnership through annexation is in the best interest of all parties involved. Commissioner Cox states she knows that the City and County Fire have a good working relationship. She asks Chief Chamberlin if he concurs with the City's position that 94-01 should not be expanded. Chief Chamberlin states that they have built the framework for this future expansion and service delivery without having the expansion of 94-01.

Commissioner Farrell states that if there is apparently 27% vacant land, development of that land could result in a significant increase in fire protection. He asks if County Fire is confident they will have the revenue source to provide the extra service. He states that he was under the assumption that this annexation was to also address the expansion of 94-01, to which Chief Chamberlin states that they are comfortable with the existing service level and revenue stream. He states that using the County assets on a regional basis, County Fire can cover more than that for now.

Vice Chair Curatalo calls the next speaker.

Bill Holland, Mayor Pro Tem for the City of Hesperia, urges the Commission to vote approval of what is before them with one caveat to not expand 94-01. Commissioner Cox states that if she understands, condition (i) as it is written, is not what the City wants, and the City prefers that it be modified to exclude the expansion.

La Trici Jones, resident of Hesperia, states that she supports the staff recommendation to expand 94-01.

Vice Chair Curatalo asks if there are more speakers wishing to address the Commission. There are none.

Vice Chair Curatalo closes the public hearing and returns the matter to the Commission for discussion.

Commissioner Cox states that her only issue with the proposal is the expansion of 94-01 and the determination that neither of the applicants for the change requested the condition imposition.

Commissioner Cox moves the staff recommendation with the modification of condition “I” to exclude an expansion of 94-01, Second by Commissioner McCallon. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon and Williams. Noes: None. Abstain: None. Absent: Lovingood, Ramos

INFORMATION ITEMS:

ITEM 15. LEGISLATIVE UPDATE REPORT -- ORAL REPORT

Executive Officer Rollings-McDonald states that due to time, she would like to state that there is a Legislative Report at the dais for each Commissioner, and the only notation she has is regarding AB 2258, the CALAFCO sponsored legislation which is now opposed by CSDA.

ITEM 16. EXECUTIVE OFFICER'S ORAL REPORT

Executive Officer Rollings-McDonald states that there are no new proposals, and the next hearing is June 20, 2018. At that hearing, the Commission will consider the East Valley Water District Proposal.

ITEM 17. COMMISSIONER COMMENTS

The Commissioners congratulate and welcome Ms. Louisa Amis to the Commission.

ITEM 18. COMMENTS FROM THE PUBLIC

There are none.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS ADJOURNED AT 12:49 P.M

ATTEST:

LA TRICI JONES
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

JAMES RAMOS, Chair

**DRAFT - ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF JUNE 20, 2018**

REGULAR MEETING

9:00 A.M.

JUNE 20, 2018

PRESENT:

COMMISSIONERS: Louisa Amis, Alternate Robert Lovingood
 Jim Bagley Larry McCallon
 Kimberly Cox Janice Rutherford, Alternate
 James Curatalo Acquanetta Warren, Alternate
 Steven Farrell, Alternate Diane Williams

STAFF: Kathleen Rollings-McDonald, Executive Officer
 Clark Alsop, LAFCO Legal Counsel
 Samuel Martinez, Assistant Executive Officer
 Michael Tuerpe, Project Manager
 Jeffrey Lum, LAFCO Analyst
 La Trici Jones, Commission Clerk
 Bob Aldrich, LAFCO Consultant
 Holly Whatley, Special Legal Counsel

ABSENT:

COMMISSIONERS: James Ramos

STAFF:

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION
– CALL TO ORDER – 9:05 A.M. – NORTON REGIONAL EVENT CENTER**

ITEM 1. PUBLIC COMMENTS ON CLOSED SESSION

No comments provided

**ITEM 2. CONVENE CLOSED SESSION – CONFERENCE ROOM ADJACENT TO
EVENT CENTER AT :**

Conference with Labor Negotiators per Government Code Section 54957.6:

Agency Designated Negotiator: Clark Alsop, LAFCO Legal Counsel

ITEM 3. RECONVENE PUBLIC SESSION AT 9:35 A.M.

Announcement on Closed Session

LAFCO Commission's Counsel Clark Alsop states that the Commission met in closed session as listed on the agenda for labor negotiations and no reportable action was taken.

**ITEM 4. PRESENTATION OF RESOLUTION OF APPRECIATION TO CLARK ALSOP
LAFCO LEGAL COUNSEL FOR 43 YEARS OF SERVICE TO SAN
BERNARDINO LAFCO**

Vice-Chair Curatalo reads the Resolution and states that it has been a true honor to have worked with Clark Alsop.

George Spiliotis, Executive Officer for Riverside LAFCO states that on behalf of the Executive Officers from the Southern Region, whom have worked with Clark over the years, he expresses his appreciation and presents a gift of chocolate.

Clark Alsop, LAFCO Legal Counsel states that he truly appreciates what has been done for him. He states that he has enjoyed his 43 years of working for the Commission because LAFCO is a wonderful government activity that attempts to balance communities, individuals and the needs of providing services. Mr. Alsop states that he has been very pleased to work for the Commission.

CONSENT ITEMS – STAFF RECOMMENDATION APPROVED

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.

ITEM 5a. Approval of Minutes for Special Meeting of May 15, 2018

ITEM 5b. Regular Meeting of May 16, 2018 **(CONTINUED TO THE JULY 18, 2018**
HEARING)

ITEM 6. Approval of Executive Officer's Expense Report

ITEM 7. Ratify Payments as Reconciled for Month of April 2018 and Note Cash Receipts

ITEM 8. Approval of Proposal to Install an Access Control System for the Front Door of the LAFCO Office

ITEM 9. Consent Items Deferred for Discussion

Commissioner McCallon states he wishes to discuss Item #8. His question is the he assumes each Commissioner will be provided a key card to allow for entrance though it was not identified in the staff report.

Executive Officer Rollings-McDonald states that each Commissioner will be given a key-card to come into the office and everyone else will need to be announced.

Commissioner Cox moves approval of the staff recommendation, Second by Commissioner McCallon. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Williams and Rutherford. Noes: None. Abstain: Commissioner Lovingood abstains from Item 5a as he was not in attendance. Absent: Ramos (Rutherford voting in his stead)

PUBLIC HEARING ITEMS:

ITEM 10. REVIEW AND APPROVAL OF CONTRACT WITH SAMUEL MARTINEZ AS EXECUTIVE OFFICER FOR THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY EFFECTIVE JULY 1, 2018 - STAFF RECOMMENDATION APPROVED

Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. The item has been advertised through publication in a newspaper of general circulation within the county, the *San Bernardino Sun*, as required by law.

Executive Officer Rollings-McDonald states that this item outlines the proposed contract for Samuel Martinez's employment as Executive Officer and provides a copy for the public for review. She states that it provides for Sam's employment to begin July 1, 2018 and establishes his salary, contract terms and severance policy. Ms. Rollings-McDonald states that the staff recommendation is for the Commission to approve this contract.

Commissioner Cox questions how this contract relates to other Executive Officer contracts as far as the salary range, to which Ms. Rollings-McDonald responds that the salary range is in keeping with the general salary levels within the southern region. She states that Sam comes to this position with more experience than many that are currently occupying the position except for George Spiliotis from Riverside.

Vice-Chair Curatalo asks if there is any public comment on this item; there being none closes the public hearing and returns the matter to the Commission.

Commissioner Bagley moves approval of staff's recommendation, Second by Commissioner Lovingood. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Williams and Rutherford. Noes: None. Abstain: None. Absent: Ramos (Rutherford voting in his stead).

Vice-Chair Curatalo congratulates Sam on behalf of the Commission. He states that it was a competitive process and he performed very well. Mr. Curatalo states that Sam's work up to this point has been recognized and this Commission stands unanimously in wishing Sam the very best as they have high hopes as he leads the agency into the future.

ITEM 11. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3225; AND (2) LAFCO 3225 – SPHERE OF INFLUENCE AMENDMENT FOR THE CITY OF LOMA LINDA (REDUCTION) AND THE CITY OF COLTON (EXPANSION)—STAFF RECOMMENDATION APPROVED

Assistant Executive Officer Samuel Martinez presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. The item has been advertised through publication in a newspaper of general circulation within the county, the *San Bernardino Sun*, as required by law. Individual notice was provided to landowners and registered voters within 1,350 feet surrounding the area as required by Commission policy and State law.

Mr. Martinez states that this proposed sphere amendment has been submitted for the purpose of removing properties from the sphere of influence of the City of Loma Linda and adding these properties to the sphere of influence of the City of Colton. He states that the property owner that initiated the application requested the sphere amendment since the City of Loma Linda is unable to provide services to their properties. He states that the City of Colton is more than able to provide the full range of its services to these properties.

Mr. Martinez states that a sphere of influence is defined as a planning boundary that designates the probable future physical boundary and service area of an agency. He states that changing the sphere of influence does not change the jurisdictional boundaries for the underlying cities. He states that the sphere amendment as submitted by the applicant is for 3 parcels, encompassing approximately 209 acres. Mr. Martinez states that the Cities of Loma Linda and Colton both submitted letters of support for the sphere of amendment submitted by the applicant.

He states that LAFCO staff is proposing a modification to the sphere to include the properties immediately south of the proposed sphere amendment. He states that this includes the area in and around Scotch Lane, which is approximately 163 acres. Mr. Martinez states that it is the Commission's policy that when changing a sphere of influence, the Commission is allowed to modify an area on the basis of including the area within the sphere of influence of the agency best able to provide the services required or excluding it from the sphere of influence of an agency on the basis of its inability to serve. He states that due to the location of the expansion area, it is LAFCO staff's position that not only can the City of Loma Linda not provide services within the proposed sphere amendment proposed by the applicant; it also cannot provide services within the additional area.

Mr. Martinez states that staff is recommending that the Commission modify LAFCO 3225 to include the additional area that is being proposed. He states that the City of Loma Linda has submitted a subsequent letter in support of the modified boundary; however, the City of Colton has indicated that they are not supporting any expansion other than what has been proposed by the applicant. He then reiterates why staff stands by its recommendation to modify the proposal.

Mr. Martinez states that the staff report outlines the reasons why the sphere of influence amendment does not require a service review pursuant to Government Code Section 56428; therefore, staff is recommending that the Commission determine that LAFCO 3225 does not require a service review.

Mr. Martinez also noted that the review of LAFCO 3225 is statutorily exempt from CEQA. He indicates that as a planning boundary, the amendment of spheres do not have the potential to alter the physical environment; therefore, the proposal is exempt.

Mr. Martinez states that individual notice was provided to land owners and registered voters within the area. He states that there were 94 landowners and registered voters within the modified study area and in the surrounding area there were 551 notices provided in San Bernardino County and 153 notices in Riverside County. He states that staff received a number of letters and emails relating to the concerns of traffic, impacts on development and public safety which are at the dais for the Commission. He states that those letters will be added to the website after this hearing. Mr. Martinez states that since this is a sphere amendment, there is no jurisdictional change nor is there any approval for development at this time.

Mr. Martinez states that for these reasons and those identified in the staff report, Staff is recommending approval of LAFCO 3225 as modified by taking those actions outlined on pages 1 and 2 of the staff report

Vice-Chair Curatalo asks the Commission if there are any questions

Commissioner Cox asks if the Northern boundary that is diagonal follows a roadway or easement; to which Assistant Executive Officer Martinez states that it is a parcel boundary and a fault line.

Commissioner McCallon asks that for the additional area that staff is proposing be included, who is providing services for the area now, to which Mr. Martinez responds that water is through wells and wastewater is through septic tanks with the City of Colton providing fire protection and law enforcement under mutual/automatic aid agreements.

Commissioner Farrell asks if the area that is being proposed is part of the South Hills preservation area, to which Mr. Martinez responds that the area that is being proposed is within the South Hills but not the preservation area. Commissioner Farrell questions the crosshatched area where they have a preservation, to which Mr. Martinez states that the crosshatched area are lands owned by the City of Loma Linda and have been set aside for permanent protection. Commissioner Farrell asks what the current zoning of the area is, to which Mr. Martinez states that the land use designation for the area is South Hills Preservation. Commissioner Farrell asks if that the area we are changing is part of the Preservation, to which Mr. Martinez responds that it is called South Hills land use designation, and the area across from it is called South Hills Preservation.

Executive Officer Rollings-McDonald states that the South Hills area allows for limited development while the Preservation area does not.

Vice-Chair Curatalo opens the public hearing and calls upon the property owner representative to address the Commission.

David Saunders, attorney for the applicant University Realty, addresses the Commission. He states that University Realty is associated with Arizona State University and is an entity that develops real property providing monetary value to Arizona State University for its educational pursuits. He states that he would like to thank Mr. Martinez and the LAFCO staff for a wonderful

job on the staff report. Mr. Saunders states that he wants to explain what this SOI is and what it is not. Mr. Saunders states that it is a recognition of the existing reality, as noted by Mr. Martinez, this area is geographically isolated from greater Loma Linda; it cannot be served by greater Loma Linda and cannot be served by greater Loma Linda in the future. He states that this area is better served by the City of Colton. Mr. Saunders states that the approval is not a change to the jurisdiction over this property. He states that this is a change in LAFCO's map for planning purposes but not a change in jurisdiction. He states that he is here to ask for the Commission's approval, this is a straight-forward application that makes sense and the Cities of Colton and Loma Linda has taken up this sphere of influence amendment as to our property and fully support it.

Vice-Chair Curatalo calls upon the City representatives to address the Commission.

Dusty Rigsby, Mayor of Loma Linda states that for clarification the city council has taken a position on University Realty's property but has taken "no" position as it has not been presented the option of taking a position on the expansion Scotch Lane property. He states that the Commission has received a City of Loma Linda staff letter supporting the change in sphere of influence for Scotch Lane and it did not emanate from the city council. Mr. Rigsby states that the city council of Colton has taken a vote opposing the Scotch Lane sphere of influence change.

Commissioner Farrell questions his understanding that the Loma Linda Council did not consider taking a position. Mayor Rigsby states, "no" as it did not come up. He states that it has been a long-standing belief by the staff at the City of Loma Linda agreeing with your staff that this is an area where service cannot be provided; however, it just never came up for political consideration.

Richard De La Rosa, Mayor for the City of Colton states that he has worked extensively with University Realty to address all the needs and vision that their project may or may not bring. He states that they have reached out to the residents in Reche Canyon along with some of the County residents and there is always going to be some concerns and draw-backs but the vision in Colton is to bring these entities together because this area affects a lot of travelers and visitors that use Reche Canyon Road. Mayor De La Rosa states that he is hoping in the future University Realty is able to bring all these entities together to make a project that has for years not been looked at extensively by these jurisdictions. He states that Colton is in support of the sphere of influence amendment but realizes there is a lot more work to do but would like support for the sphere of influence amendment.

Commissioner McCallon states that he is just curious, as to why the council decided not to support the staff's recommendation on the additional area and the reasoning, to which Mayor De La Rosa states that it was not discussed. He states that as far as Scotch Lane; this is a new idea. He states that Colton can serve any area out there, but would like to take it in baby steps so that the residents of the County and Reche Canyon can all be involved. He states that the expanded recommendation by LAFCO has not been looked at. He states that he cannot speak for the council, just for himself as the Mayor.

Commissioner Farrell asks Mayor De La Rosa since he has been working with the owner of the property, has there been a project described? Mayor De La Rosa states that there have been two projects described to them that he believes with planning, the area can be improved with

traffic safety, fire safety and public works if the right jurisdictions come together and do an assessment on what needs to happen.

Vice-Chair Curatalo opens public comment and calls for the first speaker.

Allen Lenaburg, resident of the City of Loma Linda, states that this is a way to circumvent the voters will and is in opposition to the staff recommendation.

Chase Miller owns a house in Reche Canyon. He states that he has to leave an hour early for work due to the traffic. He is in opposition to the staff recommendation.

Mark Russell states that all of this is to eventually annex the area. He is in opposition to the staff recommendation.

Jill Bednorz lives on Prado Lane and is in opposition to the staff recommendation.

Annabelle Lewis is a 15 year old resident of Reche Canyon and states that the traffic is already horrible. She is in opposition to the staff recommendation.

Elmer Canlas states that he used to be a resident of Loma Linda and is a new resident of Colton. He states that during rush hour it takes him up to 45 minutes to travel through Reche Canyon, outside of rush hour, it only takes him 15 minutes to get to his home. He is in hopes that future development will mitigate the traffic issues.

Jack Woods, Mayor Pro-Tem for the City of Colton states that he has been taking measures to relieve traffic in this area and currently there are 18,700 cars using Reche Canyon Road. He states that there are programs to help with traffic problems and it will take time to accomplish these things.

Lisa Lenaburg states that she has lived on Scotch Lane for 30 years. She states that when there were issues with fire or police needs, it was Loma Linda that responded. She states that the City of Colton has never responded to her area. She states that she is opposed to adding Scotch Lane to the Sphere of Influence.

David Sauders, Representative for the applicant, states that he wants to clarify the statement from Mayor Rigsby. He states that the city council for Loma Linda has given a letter of support of the original application. He states that the issue that Mayor Rigsby raised is with Scotch Lane only.

Vice-Chair Curatalo closes the public hearing and calls upon the Commission for further discussion.

Vice-Chair Curatalo asks LAFCO Environmental Consultant Tom Dodson within the scope of the decision for LAFCO Commission to comment on some of the environmental concerns.

Mr. Tom Dodson states that in this particular case, the Commission is being asked to approve one item, which is the sphere of influence modification. He states that there are implications from the sphere of influence modification, but it does not have any specific items or proposals that can be evaluated at this time. Mr. Dodson states that it would be speculative at this stage

to do so. He states that from that standpoint on the action that the Commission is being asked to take, there are no environmental implications at this point in time.

Assistant Executive Officer Samuel Martinez states that he would like to clarify that some of the letters received could not be verified as to their residence. He states that three were received from the Scotch Lane area, three from Riverside County, and four from the Reche Canyon area and six that could not be verified. He states that in the staff report there was a description of the tentative tract that was previously approved by the City of Loma Linda in 1990 this is the area immediately south of Scotch Lane to the Riverside County line and it was anticipated to be served by the City of Colton for water and sewer.

Commissioner Williams states that we have heard from both city councils that the amendment part was not put before them for approval or comment. She states that she is surprised that we did not ask them before we moved ahead with considering the item. Mr. Martinez responds that LAFCO staff did review this matter at the Departmental Review Committee meeting with the applicant and affected agencies. He states that a letter requesting the official position on the amendment area was forwarded to both cities and it was anticipated by LAFCO staff that the position would be coming from the city councils. He states that when staff received the response, it was assumed to be coming from the city councils, but apparently it was not.

Commissioner Williams states that she is hesitant to move forward without approval from one or both.

Vice-Chair Curatalo asks Executive Officer Kathleen Rollings-McDonald how she would respond to this concern.

Ms. Rollings-McDonald states that the issue was presented to the representatives from both agencies and in the past when the area was annexed to Loma Linda as the entrance to the proposed development on the southern portion of Scotch Lane it was clearly identified that Colton would be providing service there. She states that this was in the early 1990's before Government Code Section 51633 was put in place. She states that there was an acknowledgment that service could not be provided to that area. She states that for fire protection, there are mutual agreements and the assumption is; if you have mutual agreements, it has been addressed by both city councils. She states that the sphere of influence is a planning tool especially when the territory is currently apart of another city and you are transitioning from one city to another. She states that the City of Colton could not include the territory of this area in its land-use planning, as it had no direct relationship to it. So the sphere of influence does allow them to move forward in addressing those concerns. She states that her response is the difficulty in serving this area has been there for more than 30 years.

Commissioner McCallon states that contrary to what Commissioner Williams is saying, he is comfortable with the testimony provided by both Mayors of the cities and the elected representative for that division in Colton, although formal action had not been taken by the councils. He states that the representatives that have spoken today clearly state that there is no opposition from them.

Vice-Chair Curatalo states that as we discuss this, there are five recommendations from staff for consideration or approval. He states that at this time he will entertain more discussion or a motion to approve recommendations as provided.

Discussion continues.

Commissioner Lovingood moves approval of the staff recommendation, Second by Commissioner Cox. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Williams and Rutherford. Noes: None. Abstain: None. Absent: Ramos (Rutherford voting in his stead).

Commissioner Warren leave the dais at 10:30 A.M.

ITEM 12. A. CONSIDERATION OF: FINAL ENVIRONMENTAL IMPACT REPORT ADOPTED BY THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT FOR THE STERLING NATURAL RESOURCE CENTER (SCH NO. 2015105058), AS A CEQA RESPONSIBLE AGENCY FOR LAFCO 3226; (2) ADOPTION OF FACTS, FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS; AND (3) LAFCO 3226 – REORGANIZATION TO INCLUDE ACTIVATION OF THE EAST VALLEY WATER DISTRICT LATENT SERVICES TO INCLUDE WASTEWATER TREATMENT, RECLAMATION, DISPOSAL, AND RECHARGE OF RECYCLED WATER – STAFF RECOMMENDATION APPROVED

Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. Ms. McDonald states that notice of the Commission's consideration of this application was published in *The San Bernardino Sun*, a newspaper of general circulation through an 1/8th page legal ad in-lieu of individual notice as authorized by law.

Executive Officer Rollings-McDonald states that since 1976 this Commission has had Special District representation seated upon it. She states that it is an optional choice for each additional LAFCO. She states that in doing so in 1976 it was a requirement for all Special Districts to file their active functions, those being performed at that time under their principal act. She states that this Commission was then responsible for providing a listing of the active functions and services for each of those Special Districts and any other service was deemed to be a latent power under their principal act requiring further action of the Commission to activate to begin providing the service. Ms. Rollings-McDonald states that today we are talking about the activation of a service for the East Valley Water District (EVWD).

She states that in October 2014, LAFCO staff was apprised of the development of the Sterling Natural Resource Recovery Center (hereafter SNRC) and EVWD staff became aware of the limitation on their authorized services under their sewer function. She states that this meeting led to a number of very significant issues over the ensuing three years. Ms. Rollings-McDonald states that the staff report identifies a number of these issues. She states that in response to discussions with LAFCO staff, the EVWD and the San Bernardino Valley Municipal Water District established what is commonly known as the framework agreement and joint contract to develop SNRC and during this process, there was litigation challenging the Environmental Impact Report.

Executive Officer Rollings-McDonald states that the final set of litigation was resolved through a settlement agreement between Valley District, EVWD and the City of San Bernardino. She states that as a part of that settlement agreement it outlined a process and requirement that EVWD pursue the activation of its wastewater authority to provide for the treatment of wastewater, sewage reclamation and disposal and recharge of recycled water. She states that on February 14, 2018 the EVWD board of directors adopted a resolution initiating that process. She states that today, we are here to discuss that proposal. Ms. Rollings-McDonald states that the activation of a function or service for a Special District, by statute is considered a change of organization. She states that there are four primary responsibilities for this Commission to review: (1) Boundaries, (2) Land Use, (3) Service and Financial Considerations, and (4) Environmental considerations.

Ms. Rollings-McDonald states in regard to boundaries, the activation of this service will be for the entirety of the boundary of the East Valley Water District. She states that as a part of the settlement agreement, there is a request to transfer responsibility for flows between the City of San Bernardino Municipal Water Department and East Valley Water District to provide for the most effective and efficient means for the delivery of wastewater treatment which has been agreed to by all parties.

She states that for land use, this is not a typical land use decision because this will not impact the land use decisions, however, as the plan for service identifies, there are existing approvals by the existing land use authorities which propose an additional 5,000 residential units. Those additional units need treatment capacity and approval of this proposal will allow for that to move forward.

Ms. Rollings-McDonald states that the Commission is obligated to make the determination that this proposal will be financially sustainable. She states that Government Code Section 56824.12 sets forth the criteria that the plan for service must include. She states that the most critical element, in the staff's opinion for this proposal, was an identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers. She states that staff has reviewed the Plan for Service submitted by the EVWD that clearly represents an answer to each of these issues. She states that in reviewing the presentation of the Fiscal Impact Analysis for the wastewater treatment operation, LAFCO staff had three concerns: (1) The Revenue projections include funds shown as "LRP" which is the Local Resources Investment Program anticipated commencing through Valley District; (2) The source of funding for the \$5,500,000 mandatory debt reserve for the State Revolving Fund loan; and (3) The Fiscal Impact Analysis spreadsheet was unclear on the point that there was a restricted reserve required to be maintained for the debt service.

Executive Officer Rollings-McDonald states that in regard to the LRP funding, staff questioned the funding source on this program because it is not a currently active program. She states that the San Bernardino Valley Municipal Water District General Manager Douglas Headrick, in a letter dated May 16, identifies their support for retention of this in the fiscal impact analysis as they are working towards finalizing this program and this was included in the application for the

State Revolving Fund Loan. She states that staff believes the position of Mr. Headrick provides for adequate clarification to retain this revenue stream in the calculation.

Ms. Rollings-McDonald states that staff questioned the identification of the \$5,500,000 in reserves for debt service. She states that there was no identification in the materials as to the source of those funds. She states that staff received an email response from EVWD stating that funding stream is from a part of the settlement agreement where an eight million dollar fund balance would be transferred to EVWD from the City of San Bernardino Municipal Water Department providing the revenue stream for the initial \$5,500,000. Ms. Rollings-McDonald states staff is satisfied with the response.

Executive Officer Rollings-McDonald states that in order for staff to determine that the \$5,500,000 reserve be maintained for the entire life of the loan, staff has taken and recalculated the fund equity balance available for use. This modification clearly shows there is a significant resource available for the EVWD [MT1] to look to in case of an unforeseen event.

Executive Officer Rollings-McDonald states that it is staff's opinion with these issues resolved; the Commission has the ability to make the determination that the activation of the wastewater treatment functions and services proposed by LAFCO 3226 are financially sustainable.

Ms. Rollings-McDonald states that the crux of staff's concerns related to the service activation has been the transfer from the City of San Bernardino Municipal Water Department to the EVWD treatment operations since the first discussions of this proposal in 2014. She states that the actions that were taken as a function of the settlement agreement, identified in the plan for service as mitigation measures, clearly address those concerns and clearly state that the City of San Bernardino will remain whole in its operations for its constituents. She states that the modification of the Joint Powers Agreement for service delivery, the transfer of ownership of the East Trunk Sewer Line, EVWD and the City of San Bernardino working together to adopt a contractual agreement for the City to continue treating solids originating from EVWD and development of a habitat conservation plan all contribute to the Commission's ability to make this determination. She states that the final concern staff raised was regarding the alternative use of the City of Redlands spreading basins. She states that there was no correspondence or assurance in the material from the City of Redlands in their position on this use; however, in response to staff's request for clarification, the City submitted a letter dated May 21, 2018 outlining its participation in the EIR process, its continuing negotiations with the EVWD to establish the basis for use of its spreading basins, and its continuing support for the SNRC. She states that based on all the answers provided throughout this process, and the information contained in the Plan for Service; the Commission can make the determination that the approval of LAFCO 3226 will not impair the ability of the City of San Bernardino and its Municipal Water Department to continue to provide its range and level of services in regards to wastewater treatment, reclamation, and disposal, therefore, LAFCO staff is recommending that the Commission approve LAFCO 3226.

Commissioner Lovingood leaves the dais at 11:04 A.M.

Executive Officer Rollings-McDonald states that there are a significant number of environmental considerations. She states that the Commission is a responsible agency in regard to the EIR prepared for the SNRC and certified by the courts. She states that LAFCO's Environmental Consultant, Tom Dodson of Tom Dodson and Associates has reviewed the Valley District's Certified Final EIR and has indicated that it is adequate for the Commission's use as a responsible agency. Ms. Rollings-McDonald states that there is a slight nuance in regards to this consideration. She states that staff is proposing that the Commission include a condition of approval that relates to the responsibility for implementation of the Mitigation Monitoring and Reporting Program to transfer that from Valley District to EVWD and that EVWD be required to implement all mitigation measures.

Executive Officer Rollings-McDonald states in conclusion that LAFCO law in Government Code Section 56001, states that the purposes of LAFCO includes the direction that "priorities be established by weighing the total community service needs against the total financial resources available for securing the community service; and that the community service priorities are required to reflect local circumstances, conditions, and limited financial resources". She states that it is the position of LAFCO staff that LAFCO 3226, as presented to the Commission, and considered in the staff report represents those priorities. Therefore, the Commission can make all the determinations required by LAFCO law and Commission policies. She states that the settlement agreement reached during the court process balanced the needs for reclamation of water against the needs to make sure that the City of San Bernardino Municipal Water Department could continue to provide the same level of services in the future to its constituents. She states that since the SNRC will benefit the residents of the East Valley Water District, it will be financed by the residents of the EVWD, the Board of Directors of the EVWD should have the responsibility for its operations and its finances. Therefore, staff recommends approval of LAFCO 3226 as presented as outlined on Pages 1 through 3 of the staff report including the adoption of LAFCO Resolution No. 3268 setting forth the Commission's findings and determinations concerning this proposal.

Executive Officer Rollings-McDonald states that at the Commission's dais is a letter from Mr. Serrano expressing his concerns regarding this project. Ms. Rollings-McDonald states that many of the concerns identified in the letter relate to the development of the SNRC; while LAFCO 3226 is related to the ability to provide service not the development of SNRC.

Vice-Chair Curatalo asks if there are questions from the Commission.

There are none.

Vice Chair Curatalo opens the public hearing and calls upon the East Valley Water District.

John Mura, General Manager and CEO of East Valley Water District, states that this has been contentious process and has taken a long time, but must admit that as a result of staff's efforts and the Commissions efforts, there is a silver lining and that it provides for a better project and the relationships will be strengthened through this process. He states that this project has either met or exceeded every environmental obstacle. He continues that the project not only benefits the east valley region, but is a cornerstone of Habitat Conservation Plan being implemented by

Valley District that will facilitate other water improvement projects. He states that it's a huge investment for the City of Highland that is desperate for economic help and we are excited to hopefully transform that portion of the community along with the Inland Valley Development Agency and the airport. He states that they are excited to create 10 million gallons a day of drought proof water supply, not only to benefit EVWD rate payers, but the entire region and everybody that produces water out of the Bunker Hill basin. He states that he looks forward to the Commission's favorable consideration for the project.

Robin Ohama, the acting General Manager of the San Bernardino Municipal Water Department, states that they are here to support the Sterling Project based upon the settlement agreement that was achieved. She states that they have worked very closely with the EVWD as well as the San Bernardino Valley Municipal Water District and looks forward to collaborating in the future.

Vice-Chair Curatalo calls for public comment.

Mark Falcone, a resident of the City of Highland and ratepayer for the EVWD for 25 years. He states that he is in support of the proposal for EVWD.

Fred Yauger states that he had written a letter to the Executive Officer on June 8, and states that before he knew very little about what the proposal was, after he was educated by going down to Santa Ana he realized what a great project this would be for the San Bernardino Valley. Mr. Yauger is in support of this proposal.

Jane Usher states that she is here today as a resource to answer any questions. She states that she thanks the LAFCO staff for working diligently on this project.

Anthony Serrano, a property owner and rate payer of EVWD in excess of 27 years, states that everyone has done a great job, but the problem is the draft engineering report of June 2017. He states that nobody in the EVWD will get the benefit of the recycled water. He is in opposition of the proposal.

James Imbierski, a resident of Highland and a ratepayer of EVWD for over 40 years, states he is in support of this project.

Wayne Brown states that he agrees with Mark, Fred and Jim. He is in support of this project and supports the staff recommendation.

Jim Ciminio states that there is a need for the Sterling Project, as human beings, we need this project.

Jody Scott, a resident of Highland since 1956, states she supports this project 100%.

Vice-Chair Curatalo closes the public hearing and asks the Commission for further comment or action.

Commissioner McCallon states that this project is vital to the City of Highland for its future development. He states that it is vital to recharging the Bunker Hill Basin and will also benefit

the community in terms of education. Commissioner McCallon states that he supports the proposal as well as the City of Highland and will move the staff recommendation.

Commissioner McCallon moves the staff recommendation, Second by Commissioner Cox. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, and Williams. Noes: None. Abstain: None. Absent: Lovingood and Ramos

ITEM 12. B. LAFCO SC#423 – REQUEST FOR EXEMPTION FROM PROVISIONS OF GOVERNMENT CODE SECTION 56133 FOR SETTLEMENT AGREEMENT PROVISIONS FOR EAST VALLEY WATER DISTRICT AND CITY OF SAN BERNARDINO /SAN BERNARDINO MUNICIPAL WATER DEPARTMENT EXCHANGE OF WASTEWATER SERVICE TERRITORIES – STAFF RECOMMENDATION APPROVED

Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. Ms. Rollings-McDonald states that notice of the Commission's consideration of this request for exemption was published in *The San Bernardino Sun*, a newspaper of general circulation through an 1/8th page legal ad in-lieu of individual notice as authorized by law.

Executive Officer Rollings-McDonald states that this proposal relates to the exchange of flows that was alluded to in the previous discussion of LAFCO 3226. She states that this is part of the settlement agreement and the District has requested that the Commission determine that this contractual relationship is exempt from Government Code Section 56133, the out-of-agency service agreement provisions. She states that LAFCO staff has reviewed and made all the determinations required by Government Code Section 56133(e) and have provided them in the staff report.

Ms. Rollings-McDonald states that in addition, during the wastewater service review, staff became aware of an issue for service by the EVWD to the territory at the corner of Alabama and Third Street. She states that in 2010, the City of San Bernardino requested that EVWD provide water service to the Wyle Labs site and the EVWD has provided water service since that time but no one requested the exemption approval. She states that staff is asking that the Commission modify SC #423 to also include the exemption to include the service delivery to Wyle Labs.

Executive Officer Rollings-McDonald states that based on the determinations outline in the staff report, staff is recommending that the Commission determine that pursuant to Government Code Section 56133(e), the exchange/commingling of wastewater flows and the delivery of water service agreements between EVWD and the City of San Bernardino Municipal Water Department and the provision of water service to the property within the IVDA boundaries used for the Wyle Labs are exempt from further review and approval by the Commission.

Vice-Chair Curatalo asks for discussion from the Commission.

There are none.

Vice-Chair Curatalo opens the public hearing and calls for public comment.

There are none.

Vice-Chair Curatalo closes the public hearing and asks the Commission for action.

Commissioner McCallon moves the staff recommendation, Second by Commissioner Cox. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon and Williams. Noes: None. Abstain: None. Absent: Lovingood and Ramos

Executive Officer Kathleen Rollings-McDonald states that LAFCO's Legal Counsel Clark Alsop is conflicted on the next item; therefore, the Commission has special counsel, Ms. Holly Whatley.

Commissioner Rutherford returns to the dais.

DISCUSSION ITEMS:

**ITEM 13. STATUS REPORT ON CONTINUED MONITORING OF CONDITIONS
IMPOSED BY LAFCO RESOLUTION 3190 – LAFCO 3157 SPHERE OF
INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120
(CONTINUED FROM APRIL 18, 2018 HEARING) – STAFF
RECOMMENDATION APPROVED**

Executive Officer Rollings-McDonald states that it has been staff's intent to update the Commission on the conditions since at the March hearing, the Commission heard from the County Vision Environmental Element group that was looking at habitat conservation efforts. She states that the Commission continued the further monitoring of CSA 120's compliance with the conditions imposed during its sphere of influence establishment to the conclusion of the County's efforts. She states in background that in September 2014 the Commission established and approved the sphere of influence for CSA 120. She states that in May 2015 the Commission received responses to those conditions that were imposed on the sphere of influence establishment especially those related to financial stability and operations and at that hearing it was decided to defer further updates until the County Environmental Element group completed their work. She states that at the hearing in March 2018, the Commission received an update and decided to close the service review on habitat and open space to be reinitiated once the studies were done. She states that staff is providing the updates on the conditions imposed and which are outlined in the staff report, a complete copy of which is available in the LAFCO office and made a part of the record by its reference here.

Executive Officer Rollings-McDonald states that the Commission's direction at the 2015 update was that if the conditions of the sphere establishment were not met, then a sphere of influence amendment should be initiated by the Commission to provide a zero sphere of influence for

CSA 120. She states that a zero sphere of influence by Commission policy is a declaration that the Commission believes these services should be performed by another agency. She states that staff is recommending that the Commission receive and file the report presented and initiate a sphere of influence amendment study to assign a zero sphere of influence along with the direction that staff convene a working group including representatives from CSA 120, County Administrative Office, LAFCO Staff, California Department of Fish and Wildlife, Inland Empire Resource Conservation District, City of Rancho Cucamonga and SBCTA. She states that this committee will review the options for any possible reorganization and determine the potential needs for conditions of approval to transition that service to a financially sustainable entity.

Commissioner Rutherford states that the statement of the zero sphere means that another entity should be managing it. She states that without taking a position on this, we have IERCD out there and the real issue goes back to the money tied to the land, so if IERCD were to do it, do they have a magic wand that I do not know about? To which Ms. Rollings-McDonald states that they receive a share of the general ad valorem tax from all private properties in the west end and they have a revenue stream that can accommodate the administration of these lands, we believe; but this is a part of what the working group will review to assure that they can do the administration as they currently partner with CSA 120 to perform some of the programs.

Commissioner Rutherford states they are a great entity and I believe we should definitely look at them. She states that the problem is with the way the acquisition of the original area of CSA 120 was endowed and the responsibilities acquired through the Park Grant. She states her position that anybody who takes it on will have challenges generating enough revenue in those circumstances.

Ms. Rollings-McDonald states that there will be a challenge and unless the County general fund is willing to give up a share of its general ad valorem tax from all the other territory within CSA 120, that agency will never get to the point where it is sustainable. She states that the areas that are in the mitigation the title of the property is in the name of CSA 120; however, the conservation easement is in the name of the County; therefore, the responsibility to fund the mitigation measures necessary is a potential liability to the County as a whole if the revenue is insufficient.

Vice-Chair Curatalo opens the public hearing and calls the first speaker.

Jeff Rigney, Director for the County of San Bernardino Special District states that he is here to support LAFCO staff's recommendation. He states that anyone that has been involved or seen this progression knows there has been a financial challenge to operate the open space area the way the Department of Fish and Wildlife would like. He states that even with some of the potential revenue that CSA 120 anticipates coming in, the District will continue to be financially challenged.

Vice-Chair Curatalo calls for further testimony; there being none closes the public hearing and returns the matter to the Commission.

Commissioner Cox moves the staff recommendation, Second by Commissioner Bagley. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Rutherford and Williams. Noes: None. Abstain: None. Absent: Lovingood, Ramos (Commissioner Rutherford voting in his stead)

Commissioners Cox and Rutherford leave the dais at 12:16 P.M.

INFORMATION ITEMS:

ITEM 14. LEGISLATIVE UPDATE REPORT

Executive Officer Rollings-McDonald states there is not much to report other than SB 2258, which is the CALAFCO sponsored bill for funding grants for LAFCO studies. She states that the chairs of the committees and CALAFCO are still working through the funding issues and the questions regarding the protest threshold. She states that CSDA has come out in opposition to SB 2258, but CALAFCO is continuing to work through it and it appears that it will move forward.

ITEM 15. EXECUTIVE OFFICER'S ORAL REPORT

- a. New Proposals Received
- b. Update on Proposal Filed with LAFCO

Executive Officer Rollings-McDonald states that there are no new proposals received. She states that the July hearing will have the wastewater review and the Wrightwood sphere of influence establishment. Executive Officer Rollings-McDonald states that with this presentation, this will be her last as Executive Officer of the Commission.

ITEM 16. COMMISSIONER COMMENTS

Vice-Chair Curatalo states that he would like to thank Kathy for the years of excellent service provided to the Commission, to the communities and agencies we have served not just here, but statewide. He states that she has been a great contributor to many of the issues.

Commissioner Williams thanks Kathy and states that she has always made it easy to understand the issues. She states that Kathy has smoothed things out and put them back together.

Commissioner Bagley states that it is a shock to hear the words come out of her mouth that this is the last hearing as the Executive Officer. He states that there is a touch of sadness as her institutional knowledge is unmatched and her contribution to the State of California is invaluable.

Commissioner McCallon states that he appreciates all the work Kathy has done in the EVWD project.

Commissioner Amis states that she has not worked with Kathy long, but has been impressed with her.

ITEM 17. COMMENTS FROM THE PUBLIC

There are none

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS ADJOURNED AT 12:23 P.M

ATTEST:


LA TRICI JONES
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

JAMES CURATALO, Vice-Chair

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE : JULY 3, 2018 
FROM: SAMUEL MARTINEZ, 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 from May 23, 2018 to June 22, 2018.

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 and Procedure Manual Section II – Accounting and Financial Policies #3(H). Staff has prepared an itemized report of purchases that covers the billing period of May 23, 2018 through June 22, 2018.

Staff recommends that the Commission approve the Executive Officer’s expense report as shown on the attachment.

SM/llj

Attachment



PROCUREMENT CARD PROGRAM

MONTHLY PROCUREMENT CARD PURCHASE REPORT

PAGE 1 OF

Card Number		Cardholder						Travel	Billing Period	
		Kathleen Rollings-McDonlad							5/23 - 6/22/18	
DATE	VENDOR NAME	#	DESCRIPTION	PURPOSE	COST CENTER	G/L ACCOUNT	\$ AMT	TRIP NUMBER	*R/D	SALES TAX
05/25/18	J&M Trophies	1	Supplies	Name Plate	8900005012	52002305	\$23.05		R	
05/31/18	Frontier	2	Communications	Phone Service	8900005012	52002041	\$624.18		R	
06/04/18	Tenaya Lodge	3	Hotel	CALAFCO Conf. Deposit	8900005012	52942942	\$194.25		R	
06/04/18	Tenaya Lodge	4	Hotel	CALAFCO Conf. Deposit	8900005012	52942942	\$194.25		R	
06/04/18	Tenaya Lodge	5	Hotel	CALAFCO Conf. Deposit	8900005012	52942942	\$194.25		R	
06/04/18	Tenaya Lodge	6	Hotel	CALAFCO Conf. Deposit	8900005012	52942942	\$194.25		R	
06/04/18	Tenaya Lodge	7	Hotel	CALAFCO Conf. Deposit	8900005012	52942942	\$194.25		R	
06/04/18	Tenaya Lodge	8	Hotel	CALAFCO Conf. Deposit	8900005012	52942942	\$194.25		R	
06/04/18	Tenaya Lodge	9	Hotel	CALAFCO Conf. Deposit	8900005012	52942942	\$194.25		R	
06/04/18	Tenaya Lodge	10	Hotel	CALAFCO Conf. Deposit	8900005012	52942942	\$194.25		R	
06/04/18	Tenaya Lodge	11	Hotel	CALAFCO Conf. Deposit	8900005012	52942942	\$194.25		R	
06/07/18	Cracker Barrell	12	Meals	Lunch	8900005012	52942943	\$44.91		R	
06/11/18	Daisy IT	13	Supplies	Supplies	8900005012	52002305	\$399.96		R	
06/14/18	Storetrieve	14	Records	Records Maintenance	8900005012	52002315	\$59.62		R	
06/15/18	Language Network	15	Communications	Translation	8900005012	52002445	\$306.00		R	
06/22/18	J&M Trophies	16	Supplies	Name Plate	8900005012	52002305	\$23.05		R	


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	07/05/18

Approving Official (Print & Sign)	Date
James Ramos	07/18/18

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE : JULY 3, 2018 
FROM: SAMUEL MARTINEZ, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #3 - RATIFY PAYMENTS AS RECONCILED FOR
MONTH OF MAY 2018 AND NOTE REVENUE RECEIPTS**

RECOMMENDATION:

Ratify payments as reconciled for the month of May 2018 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

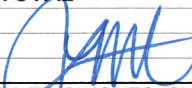

Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments of deposits or other charges that cover the period of May 1, 2018 through May 31, 2018

Staff is recommending that the Commission ratify the payments for May 2018 as outlined on the attached listings and note the revenues received.

SM/Ilj


Attachment

MONTH OF MAY 2018 PAYMENTS PROCESSED						
Document Number	Account	Posting Date	Activity	Reference	Vendor	Amount
1900170694	52002085	5/10/2018	NOTICE OF HEARING 5/16/2018	B3122086	DAILY JOURNAL	\$431.20
1900185553	52002085	5/29/2018	NOTICE OF HEARING LAFCO 3217, 3218	B3122092	DAILY JOURNAL	\$1,917.66
1900140005	52002090	5/24/2018	HVAC SERVICE LAFCO OFFICE	UNIT 150	CITY COM	\$325.50
1900172841	52002182	5/14/2018	EDISON UTILITY BILL	2-39-945-2309	SOUTHERN CA EDISON	\$296.33
1900169156	52002400	5/8/2018	BEST BEST & KRIEGER - GENERAL INVOICE	INVOICE 820261	BEST BEST & KRIEGER	\$877.80
1900170682	52002400	5/10/2018	BEST BEST & KRIEGER - SAHA MATTER #24	INVOICE 820262	BEST BEST & KRIEGER	\$1,845.98
1900170687	52002400	5/10/2018	BEST BEST & KRIEGER - SAHA MATTER #26	INVOICE 820263	BEST BEST & KRIEGER	\$2,221.50
1900186118	52002400	5/29/2018	BEST BEST & KRIEGER - EMPLOYEE BENEFITS	INVOICE 821711	BEST BEST & KRIEGER	\$115.50
1900186120	52002400	5/29/2018	BEST BEST & KRIEGER - GENERAL INVOICE	INVOICE 821708	BEST BEST & KRIEGER	\$1,229.36
1900186121	52002400	5/29/2018	BEST BEST & KRIEGER - SAHA MATTER #24	INVOICE 821709	BEST BEST & KRIEGER	\$23.10
1900186126	52002400	5/29/2018	BEST BEST & KRIEGER - SAHA MATTER #26	INVOICE 821828	BEST BEST & KRIEGER	\$4,075.78
1900165731	52002444	5/7/2018	MIJAC ALARM MONITORING	INVOICE 422489	MIJAC	\$117.00
1900160644	52002445	5/1/2018	ALDRICH & ASSOCIATES	INVOICE 63	ROBERT ALDRICH	\$3,600.00
1900172851	52002445	5/14/2018	RIVERSIDE LAFCO	LAFCO 3225 ROV	RIVERSIDE LAFCO	\$70.00
1900173884	52002445	5/15/2018	ALDRICH & ASSOCIATES	INVOICE 64	ROBERT ALDRICH	\$3,600.00
1900165755	52002445	5/24/2018	JAN PRO CLEANING SERVICE	INVOICE 61117	JAN PRO	\$475.00
1900185026	52002445/5292940	5/25/2018	BAGLEY STIPEND & MILEAGE	BAGLEY 5-15-18	JIM BAGLEY	\$297.78
1900185031	52002445/5292940	5/25/2018	FARRELL STIPEND & MILEAGE	FARRELL 5-15-18	STEVEN FARRELL	\$219.73
1900185036	52002445/5292940	5/25/2018	WILLIAMS STIPEND & MILEAGE	WILLIAMS 5-15-18	DIANE WILLIAMS	\$221.91
1900185037	52002445/5292940	5/25/2018	COX STIPEND & MILEAGE	COX 5-15-18	KIMBERLY COX	\$261.37
1900185040	52002445/5292940	5/25/2018	CURATALO STIPEND & MILEAGE	CURATALO 5-15-18	JIM CURATALO	\$221.91
1900185044	52002445	5/25/2018	RAMOS STIPEND	RAMOS 5-15-18	JAMES RAMOS	\$200.00
1900185046	52002445	5/25/2018	McCALLON STIPEND	McCALLON 5-15-18	LARRY McCALLON	\$200.00
1900185049	52002445	5/25/2018	RUTHERFORD STIPEND	RUTHERFORD 5-15-18	JANICE RUTHERFORD	\$200.00
1900185100	52002445/5294240	5/25/2018	BAGLEY STIPEND & MILEAGE	BAGLEY 5-16-18	JIM BAGLEY	\$298.00
1900185101	52002445/5292940	5/25/2018	FARRELL STIPEND & MILEAGE	FARRELL 5-16-18	STEVEN FARRELL	\$218.75
1900185105	52002445/5294240	5/25/2018	WILLIAMS STIPEND & MILEAGE	WILLIAMS 5-16-18	DIANE WILLIAMS	\$225.75
1900185107	52002445/5294240	5/25/2018	COX STIPEND & MILEAGE	COX 5-16-18	KIMBERLY COX	\$258.86
1900185194	52002445/5294240	5/25/2018	CURATALO STIPEND & MILEAGE	CURATALO 5-16-18	JIM CURATALO	\$227.25
1900185206	52002445	5/25/2018	RAMOS STIPEND	RAMOS 5-16-18	JAMES RAMOS	\$200.00
1900185256	52002445	5/25/2018	McCALLON STIPEND	McCALLON 5-16-18	LARRY McCALLON	\$200.00
1900185258	52002445	5/25/2018	RUTHERFORD STIPEND	RUTHERFORD 5-16-18	JANICE RUTHERFORD	\$200.00
1900185537	52002445	5/29/2018	ALDRICH & ASSOCIATES	INVOICE 65	ROBERT ALDRICH	\$3,600.00
1900188432	52002445	5/31/2018	JAN PRO CLEANING SERVICE	INVOICE 61541	JAN PRO	\$475.00
1900165751	52002905	5/7/2018	MONTHLY RENTAL OF HEARING ROOM	INVOICE 574	IVDA	\$405.00
1900140005	52002905	5/24/2018	OFFICE RENTAL & HVAC SERVICE	UNIT 150	CITY COM	\$15,057.90
1900189609	52942940	5/31/2018	MILEAGE REIMBURSEMENT	MILEAGE	LA TRICI JONES	\$46.70
1900188435	52002080	5/31/2018	LOCAL GOVERNMENT PUBLICATION	INVOICE 18-319	LOCAL GOV'T PUBLICATION	\$143.56
TOTAL						\$44,601.18
MONTH OF MAY 2018 INTERNAL TRANSFERS PROCESSED						
	4200009994	5/2/2018	MAIL SERVICES - DEL	COUNTY MAIL	COUNTY MAIL	\$197.40
	4200009995	5/2/2018	MAIL SERVICES - FLAT	COUNTY MAIL	COUNTY MAIL	\$334.46
	4200009996	5/2/2018	MAIL SERVICES - HAN	COUNTY MAIL	COUNTY MAIL	\$373.11
	4200011141	5/17/2018	LAFCO 3217 NOTICE OF EXEMPTION	COB	COB	\$50.00
	4200011142	5/17/2018	LAFCO 3218 NOTICE OF EXEMPTION	COB	COB	\$50.00

	4200011144	5/17/2018	LAFCO SCHEDULE OF FEES, DEPOSITS, CHARGES	COB	COB	\$50.00
	4200010913	5/14/2018	LAFCO 3225 CERTIFICATION OF VOTERS	ROV	ROV	\$49.56
	4200011006	5/17/2018	ACCOUNTING SERVICE FEES QTR 1	ATC	ATC	\$984.90
	4200011763	5/30/2018	LAFCO 3218 CERTIFICATION OF VOTERS	ROV	ROV	\$49.56
	4200011872	5/31/2018	LAFCO 3218 SURVEYOR MAP/LEGAL	SURVEYOR	SURVEYOR	\$2,952.00
	4200011734	5/29/2018	CREDIT CARD CLEARING ACCOUNT	LAFCO	LAFCO	\$1,660.99
TOTAL						\$6,751.98
MONTH OF MAY 2018 CASH RECEIPTS						
	40709545	5/30/2018	LAFCO SERVICE CONTRACT #424		INDIVIDUAL NOTICE	\$700.00
	40709555	5/30/2018	LAFCO SERVICE CONTRACT #424		LEGAL	\$650.00
	40709800	5/30/2018	LAFCO SERVICE CONTRACT #424		LAFCO FEE	\$3,000.00
	40709660	5/30/2018	LAFCO SERVICE CONTRACT #424		ENVIRONMENTAL	\$450.00
	40709545	5/31/2018	CITY OF HESPERIA		LEGAL	\$1,960.61
	40709545	5/31/2018	TOWN OF APPLE VALLEY		INDIVIDUAL NOTICE	\$700.00
	40709555	5/31/2018	TOWN OF APPLE VALLEY		LEGAL	\$1,200.00
	40709660	5/31/2018	TOWN OF APPLE VALLEY		ENVIRONMENTAL	\$750.00
	40709800	5/31/2018	TOWN OF APPLE VALLEY		LAFCO FEE	\$9,000.00
	40709800	5/31/2018	LAFCO SERVICE CONTRACT #425		LAFCO FEE	\$500.00
	40709800	5/31/2018	LAFCO SERVICE CONTRACT #426		LAFCO FEE	\$500.00
TOTAL						\$19,410.61
MONTH OF MAY 2018 INTERNAL TRANSFERRED RECEIVED						
	40709555	5/22/2018	COUNTY FIRE	LAFCO 3216	LEGAL	\$1,472.79
TOTAL						\$1,472.79
						
LA TRICI JONES, Clerk to the Commission				DATE	7/3/2018	
RECONCILIATION APPROVED BY:						
						
SAMUEL MARTINEZ, Executive Officer				DATE	7/3/2018	

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: JULY 11, 2018 
FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #4: Unaudited Year-end Financial Report for FY 2017-18

RECOMMENDATION:

Staff recommends that the Commission take the following actions:

1. Note receipt of this report and file.
2. Approve the transfer of \$5,294 from Reserve Account 6000 (Contingency) to Expenditure Account 2043 (Electronic Equipment Maintenance).

BACKGROUND:

Staff is presenting the Commission with its FY 2017-18 year-end review of finances which includes unaudited expenditures, reserves, revenues; an update on activities during the year; 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, 2017 through June 30, 2018. The spreadsheet identifies that total expenditures were within appropriation authority for all fund categories and total revenues were below projections.

This fiscal year has been profound in that:

- The staff office moved to the Santa Fe Depot, providing a base for up to 15 years. The single most significant event was the payment of the majority of the costs related to the move being processed during this fiscal year, totaling \$115,609. Many of these invoices were received in the prior year, but the County ceased payment processing due to the transition to its new financial system affecting the timing of the expenses being included on the books. Total cash payments for the renovation and move total \$225,609 over two years, all budgeted activity.

- We have incurred significant unanticipated legal costs. For the past three years, there has been exposure to litigation related to a number of individual items: review of activation of latent powers, declaration statement related to litigation, subpoena issued to the Commission staff, and the Commission's authorization of the former Executive Officer's contract. These legal charges are not directly related to a proposal; therefore, they are not recoverable. Charges totaled \$67,376 for FY 2017-18. At this time, staff anticipates no further costs associated with non-recoverable legal expenses based upon the proposal being heard.
- Receipt of proposals have significantly reduced, which results in fewer revenue receipts.

Additional information, in narrative form regarding the year-end review, is 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 \$1,414,978 (91% of Final Budget).

1. Salaries and Benefits (1000 series)

The Salaries and Benefits series of accounts (1000 series) had expenditures of \$757,022 for the year, representing 99% of budget authority. No unusual activity related to salaries and benefits occurred during the year.

2. Services and Supplies (2000 and 5000 series)

Expenditures for Services and Supplies (2000 and 5000 series of accounts) ended the year at \$657,957, or 83% of Budget authority.

This year experienced a lower activity level, but also one with complex proposals which could directly impact the quality of life of hundreds of thousands of residents of our County. Unique events during the year that are either Commission-approved or budgeted are as follows:

- The staff office move incurred costs of \$115,609 during the year.
- Costs related to the Hesperia Fire Protection District annexation into County Fire for the hearing (mainly legal related to retirement matters) totaling roughly \$11,000 to date. The applicant provided deposits for these activities. An additional \$7,583 has been billed to the applicants for cost recovery.

- The consulting contract with Robert Aldrich – the Commission approved the contract extension for Fiscal Year 2017-18. Total costs for the year were \$78,000.

Additionally, the significant unanticipated legal costs described above total \$67,376 for the fiscal year. Spanning four fiscal years, the legal costs for this matter total \$86,432. These legal charges are not directly related to a proposal; therefore, they are not recoverable.

3. Contingency and Reserves (6000 series)

In February 2018, the Commission transferred \$25,229 from the General/Litigation Reserve to the Legal Counsel Expenditure Account to cover non-recoverable legal charges.

In April 2018, the Commission decreased the Contingency Reserve by \$76,039 to \$63,077 to cover the deficit due to the increased legal charges coupled with a lack of proposal receipts.

This staff report recommends an additional transfer from the Contingency Reserve of \$5,294 to cover the year-end deficit of the same amount. Year-end projections anticipated receipt of a proposal, but this proposal and its revenues are now anticipated for receipt in FY 2018-19.

The transfer from Contingency Reserve would be to Expenditure Account 2043 (Electronic Equipment Maintenance). The reason for choosing this account is that certain costs related to the move were anticipated to be processed in FY 2016-17 but were processed in FY 2017-18, following adoption of the budget - which did not have a budgeted amount for this account.

Revenue and Proposal Activity

1. Revenues at Year-end

The unaudited Total Revenues at year's end of \$1,896,828 is below amended budget projections by roughly 8%. Receipt of proposals have significantly reduced, which results in fewer revenue receipts. The items below outline the revenue activity for the year:

- Interest (Account 8500) – Interest earnings projected for the year received by the County Treasury are 157% of budget. For FY 2017-18 there were proposals requiring additional processing deposits from the applicants. As a result, even with meager interest rates additional interest was earned during the period.

- 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 44% of its budgeted revenue (\$117,354). Of this amount, 83% is related to proposals, 16% to service contracts, and 1% for refunds of deposits over costs.

2. Proposal Activity

The figure below identifies the number of proposals, service contracts, and protest hearing deposits received during the year. The figure identifies that proposals received were six, a relatively low activity. This does not count the two withdrawn proposals for reorganization that included the Inland Empire Utilities Agency and San Bernardino Valley Municipal Water District (refund of \$10,064). Service contracts received (eight) matched budget projections. Attachment #2 to this report is a chart showing the yearly comparison of proposal, service review, and completed service review activity.

Activity	Budget	Through June	
		No.	% of Budget
Proposals	11	6	55%
Service Contracts - Commission approval	2	2	100%
Service Contracts - Commission approval for exemption	0	2	--
Service Contracts - Admin (E.O.) approval	6	4	67%
Protest Hearing Deposits	5	2	40%

What this does not show is the complexity of proposals received and processed by the Commission during the year. The following provides a highlight of the activities during the year:

- LAFCO 3217 (sphere)/3218 (reorganization) – Hesperia Fire Protection District inclusion within the San Bernardino County Fire Protection District – Protest hearing scheduled for August 23, 2018.
- LAFCO 3226 – Activation of Authorized Services for the East Valley Water District – Protest hearing scheduled for August 28, 2018.
- Four out-of-agency service contracts were presented for Commission consideration – two were contract reviews based upon being development related and two were exemptions for contracts between public agencies.
- Staff continued with its on-going programs for maintenance of the Fiscal Indicators program (update available on the Commission website January

2018) and the continuing governance education programs. As reported in the prior mid-year and third quarter reports, the three education programs were well attended and received.

As for service reviews:

- The *Countywide Service Review for Water* was completed July 2017. As an outgrowth, the Commission directed staff to continue to monitor four agencies. The next update is scheduled for August 2018.
- The *Countywide Service Review for Wastewater* was processed during the fiscal year and is scheduled for presentation to the Commission at its August 2018 hearing.
- Staff has begun processing the *Countywide Service Review for Fire Protection/Emergency Medical Response/Ambulance*.

Cash in Treasury

As of June 30, 2018, the Commission's cash in the County Treasury was \$481,849. A breakdown of this amount is shown below. After accounting for liabilities, and committed and assigned funds, the estimated deficit into FY 2018-19 is \$5,294. Year-end projections anticipated receipt of a proposal, but this proposal and its revenues are now anticipated for receipt in FY 2018-19. This staff report recommends a transfer from the Contingency Reserve of \$5,294 to cover the year-end deficit of the same amount.

June 30, 2018 Balance		\$481,849
Balance is composed of the following:		
<i>Liabilities (Accounts Receivable)</i>		
	Deposits Payable (Receivable)	(14,091)
<i>Committed (constrained to specific purposes)</i>		
	Net Pension Liability Reserve (Account 6010)	148,450
	Compensated Absences Reserve (Account 6030)	89,708
<i>Assigned (intended for specific purposes)</i>		
	Contingency (Account 6000)	57,783
	General Reserve (Account 6025)	200,000
Additional Carryover or (Deficit)		(\$0)

CONCLUSION:

This fiscal year has been profound in that:

- The staff office moved to the Santa Fe Depot. The single most significant event was the payment of the majority of the costs related to the move being processed during this fiscal year, totaling \$115,609.
- We have incurred significant unanticipated legal costs. These legal charges are not directly related to a proposal; therefore, they are not recoverable. Charges totaled \$67,376 for FY 2017-18.
- Receipt of proposals have significantly reduced, which results in fewer revenue receipts.

On a positive note, one development-related service contract has been received in the new fiscal year. Additionally, a significant reorganization proposal (formation of a community services district with dissolution of a county service area) is anticipated for receipt.

Staff recommends that the Commission take the actions identified on page 1 of this report and provide any comments on areas of concern and direction to staff for follow-up. Staff will be happy to answer any questions from the Commission prior to or at the hearing.

SM/MT

Attachments:

1. [Spreadsheet of Year-end Expenditures, Reserves, and Revenues](#)
2. [Chart Illustrating Yearly Proposal, Service Contract, and Service Review Activity](#)

Spreadsheet of Year-end Expenditures, Reserves, and Revenues

Attachment 1

FISCAL YEAR 2017-18

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 16-17	FINAL BUDGET	TOTAL THRU 1st Quarter	TOTAL THRU MID-YEAR	TOTAL THRU QUARTER 3	TOTAL THRU YEAR-END	PERCENT THRU YEAR-END
	SALARIES AND BENEFITS							
1010	Regular Salary and Bilingual	\$ 466,526	\$ 483,128	\$ 125,654	\$ 236,425	\$ 368,144	\$ 477,488	99%
1030	Auto and Cell Phone Allowances	17,000	17,065	4,577	8,500	13,077	17,000	100%
1035	Overtime	38					0	
1045	Termination Payment	632					0	
1110	General Member Retirement	112,783	125,311	32,940	61,479	95,971	124,459	99%
1130	Survivors Benefits	210	224	60	112	172	224	100%
1135	Indemnification - General	18,264	15,887	5,415	9,067	13,328	16,980	107%
1200	Employee Group Insurance (Health Subsidy)	45,801	49,285	14,206	26,387	40,598	52,779	107%
1205	Long-Term Disability	883	969	254	473	733	955	99%
1207	Vision Care Insurance	771	825	221	411	632	822	100%
1215	Dental Insurance & Health Subsidy	1,251	1,235	336	620	951	1,235	100%
1222	Short-Term Disability	3,477	3,808	999	1,862	2,880	3,756	99%
1225	Social Security Medicare	6,143	6,190	1,628	3,043	4,753	6,170	100%
1235	Workers' Compensation	2,097	5,216	1,939	2,160	2,160	2,160	41%
1240	Life Insurance & Medical Trust Fund	5,316	7,526	1,764	3,391	5,338	6,986	93%
1305	Medical Reimbursement Plan	3,380	6,840	990	1,890	2,940	3,840	56%
1310	ID Allowance Café	17,453	12,306	3,302	6,132	9,434	12,264	100%
1314	457/401a Defined (LAFCO Contribution)	1,544	1,795	397	740	1,151	1,498	83%
1315	401k Contribution	26,020	28,721	7,524	14,028	21,802	28,405	99%
	TOTAL SALARIES & BENEFITS	\$ 729,589	\$ 766,331	\$ 202,208	\$ 376,720	\$ 584,064	\$ 757,022	99%
	Staffing (Full time equivalent units)							
	SERVICES AND SUPPLIES							
	Services:							
2035	Communications	\$ 1,053				\$ 673	\$ -	
2037	COMNET Charge (ISF)	2,872	2,730	\$ 591	\$ 1,806	\$ 2,463	\$ 3,777	138%
2038	Long Distance Charges							
2040	Relocation Charges - Phone Service	10,647		118	118	3,151	3,151	
2041	Phone Service/Outside Company	947	10,318	61	61	2,272	4,295	42%
2043	Electronic Equipment Maintenance		5,294	6,016	6,016	6,159	6,159	116%
2075	Membership Dues	9,338	9,831	8,674	9,973	9,973	9,973	101%

FISCAL YEAR 2017-18

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 16-17	FINAL BUDGET	TOTAL THRU 1st Quarter	TOTAL THRU MID-YEAR	TOTAL THRU QUARTER 3	TOTAL THRU YEAR-END	PERCENT THRU YEAR-END
2076	Tuition Reimbursement	2,000	3,000			950	950	32%
2080	Publications	3,021	3,288	966	966	3,629	4,218	128%
2085	Legal Notices	18,129	20,284	7,940	11,889	16,871	20,698	102%
2090	Miscellaneous Expense (related to move)	100,000	121,683	23,903	102,694	102,694	103,019	85%
2115	Computer Software	2,552	3,502	1,313	1,313	3,020	3,020	86%
2125	Inventoriable Equipment	2,685	17,000					0%
2180	Electricity for Office		4,800	2,103	2,467	2,467	2,778	58%
2182	Electricity				895	1,305	2,372	
2195	Reimbursement Services and Supplies							
2245	Other Insurance	9,100	9,050	9,965	9,965	10,013	10,013	111%
2305	General Office Expense	8,105	7,410	5,986	6,405	8,142	8,629	116%
2308	Credit Card Clearing Account	(465)		6,423	11,091	1,663	2,046	
2309	Visa Temp Card							
2310	Postage - Direct Charge	75,917	20,694	4,148	8,003	10,842	14,683	71%
2315	Records Storage	749	696	246	246	546	606	87%
2316	Surplus Handling			2,171	-			
2323	Reproduction Services	15,084	21,274	1,216	1,639	1,639	2,000	9%
2335	Temporary Services	3,033	7,650	132	132	132	132	2%
2400	Prof & Special Service (Legal Counsel)	37,867	196,153	59,600	112,647	122,987	130,898	67%
2405	Auditing	11,492	11,783	3,019	3,019	10,819	10,819	92%
2410	Data Processing	7,827	7,827					0%
2415	COWCAP	13,236	20,000	2,114	4,229	6,343	8,458	42%
2420	ISD Other IT Services	245	210	35	100	133	199	95%
2421	ISD Direct	8,949	8,927	2,338	7,467	10,218	15,568	174%
2424	Mgmt & Tech (Environmental Consultant)	9,077	6,650	2,140	5,285	6,390	8,590	129%
2444	Security Services	390	408	817	934	1,051	1,267	310%
2445	Other Prof (Commission, Surveyor, ROV)	124,571	140,385	27,268	60,362	96,630	137,937	98%
2449	Outside Legal (Litigation & Special Counsel)							
2450	Application Development Support		200					0%
2460	GIMS Charges	13,500	16,170				13,500	83%
2895	Rent/Lease Equipment (copier)	7,226	7,200	475	475	4,541	6,034	84%
2905	Office/Hearing Chamber Rental	49,874	82,788	15,818	50,607	75,734	100,455	121%

FISCAL YEAR 2017-18

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 16-17	FINAL BUDGET	TOTAL THRU 1st Quarter	TOTAL THRU MID-YEAR	TOTAL THRU QUARTER 3	TOTAL THRU YEAR-END	PERCENT THRU YEAR-END
	Travel Related Expenses:							
2940	Private Mileage	4,963	4,855	1,037	2,521	3,295	4,374	90%
2941	Conference/Training	6,465	6,140	4,766	4,766	4,939	5,422	88%
2942	Hotel	12,417	10,550	2,425	2,425	6,492	6,739	64%
2943	Meals	1,502	2,235	442	550	658	780	35%
2944	Car Rental	228	200	109	109	109	260	130%
2945	Air Travel	4,188	2,000	780	780	2,849	3,291	165%
2946	Other Travel	871	400	367	455	609	665	166%
	Other Charges:							
5012	Services Out (Staples)	14	1,200	185	185	185	185	15%
TOTAL SERVICES & SUPPLIES		\$ 579,668	\$ 794,785	\$ 205,705	\$ 432,595	\$ 542,585	\$657,957	83%
TOTAL EXPENDITURES		\$ 1,309,258	\$ 1,561,116	\$ 407,913	\$ 809,314	\$ 1,126,649	\$ 1,414,978	91%
	RESERVES							
6000	Contingency	\$ -	\$ 57,783		\$ -			
6010	Net Pension Liability Reserve	-	148,450		-			
6025	General Reserve - Litigation	-	200,000		-			
6030	Compensated Absences Reserve	(1,216)	89,708		-			
TOTAL CONTINGENCIES & RESERVES		\$ (1,216)	\$ 495,941	\$ -	\$ -	\$ -	\$ -	0%
TOTAL APPROPRIATION		\$ 1,308,042	\$ 2,057,057	\$ 407,913	\$ 809,314	\$ 1,126,649	\$ 1,414,978	40%

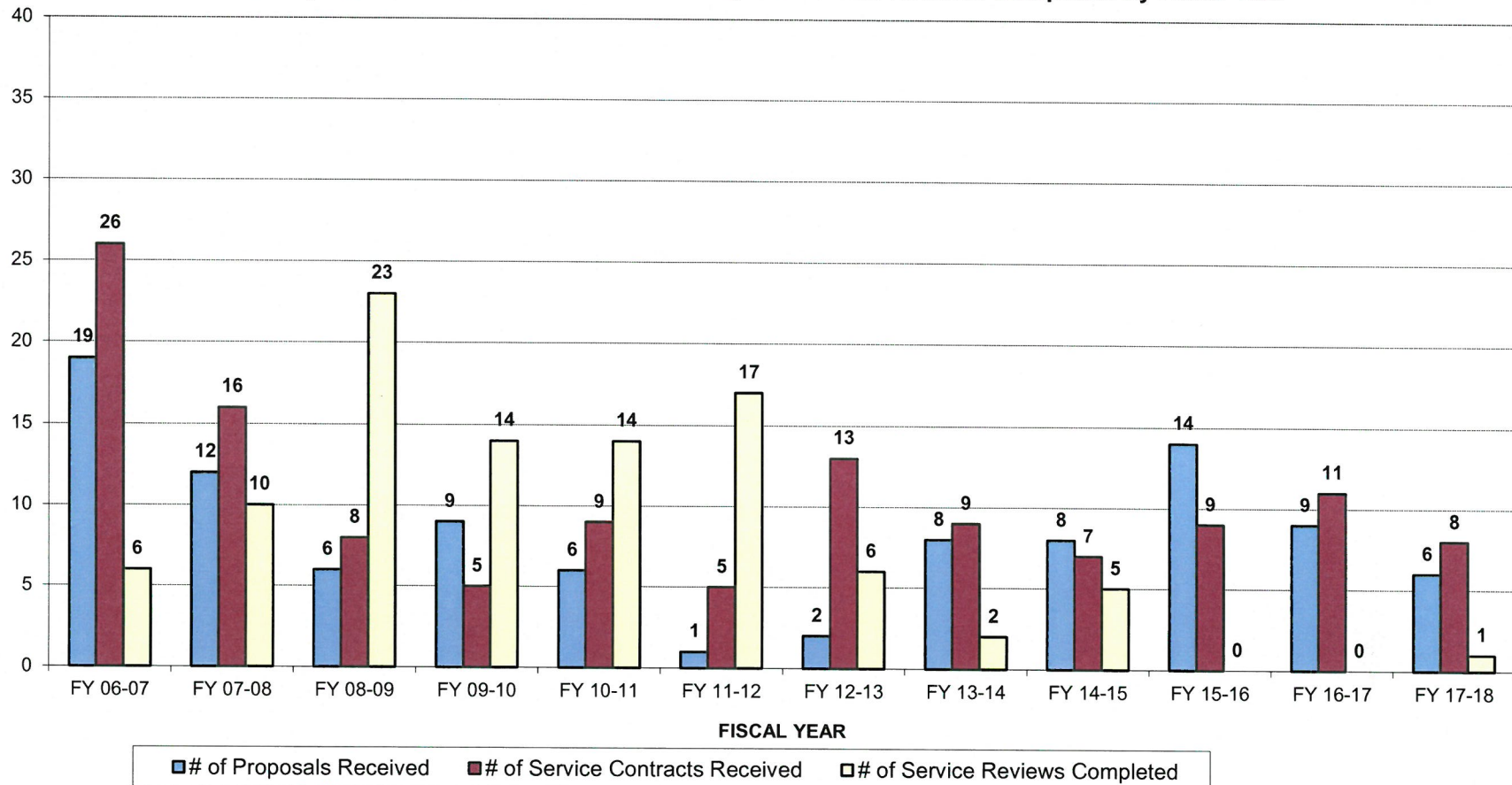
FISCAL YEAR 2017-18

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 16-17	AMENDED BUDGET Feb-18	TOTAL THRU 1st Quarter	TOTAL THRU MID-YEAR	TOTAL THRU QUARTER 3	TOTAL THRU YEAR-END	PERCENT THRU YEAR-END
	CONTRIBUTION REVENUES							
	Use of Money:							
8500	Interest	\$ 9,318	\$ 8,000	\$ 3,066	\$ 5,355	\$ 9,134	\$ 12,561	157%
							-	
	Mandatory Contribution from Governments:						-	
8842	Local Government -- For FY 2017-18 apportionment to County, Cities, and Independent Special Districts of approximately \$336,528 each	926,223	1,009,583	1,009,583	1,009,583	1,009,583	1,009,583	100%
							-	
	Fees and Deposits (Current Services):						-	
9545	Individual Notice	27,507	42,320	341	1,041	3,677	6,351	15%
9555	Legal Services	10,311	40,185	673	4,028	27,180	42,206	105%
9595	Protest Hearing	34,000	43,620	-	1,500	1,500	3,000	7%
9655	GIMS Fees	5,015	7,520	-	3,230	4,730	8,430	112%
9660	Environmental	7,145	6,000	25	475	2,762	4,546	76%
9800	LAFCO Fees	117,531	127,773	9,404	15,904	40,654	52,821	41%
	Total Fees and Deposits	201,509	267,417	10,442	26,178	80,502	117,354	44%
	TOTAL CONTRIBUTION REVENUES	1,137,049	1,285,000	1,023,092	1,041,116	1,099,220	1,139,498	89%
	OTHER REVENUES							
9910	Prior Year Activity (refunds, collections)	\$ (20,757)	\$ (1,250)	\$ 2,438	\$ 2,438	\$ 2,438	\$ 2,438	-195%
9930	Miscellaneous Revenues	345	2,000	342	1,079	1,130	2,140	107%
9970	Carryover of Open Proposals/Projects	42,219	23,671	5,508	5,008	5,008	5,058	21%
9970	Carryover from Prior Year, Assigned	296,065	101,683	101,683	101,683	101,683	101,741	100%
	TOTAL OTHER REVENUES	317,873	126,104	109,972	110,208	110,259	111,377	88%
	TOTAL REVENUES	\$ 1,454,922	\$ 1,411,104	\$ 1,133,063	\$ 1,151,324	\$ 1,209,479	\$ 1,250,875	89%
	RESERVES FROM PRIOR YEAR, as of July 1							
9970	Contingency	\$ 155,501	\$ 155,501	\$ 155,501	\$ 155,501	\$ 155,501	\$ 155,501	100%
9970	Net Pension Liability Reserve	82,750	117,097	117,097	117,097	117,097	117,097	100%
9970	General Reserve - Litigation	291,007	284,917	284,917	284,917	284,917	284,917	100%
9970	Compensated Absences Reserve	76,607	88,438	88,438	88,438	88,438	88,438	100%
	TOTAL RESERVES FROM PRIOR YEAR	\$ 605,865	\$ 645,953	\$ 645,953	\$ 645,953	\$ 645,953	\$ 645,953	100%
	TOTAL REVENUE AND RESERVES	\$ 2,060,787	\$ 2,057,057	\$ 1,779,016	\$ 1,797,277	\$ 1,855,432	\$ 1,896,828	92%
	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 2018

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West 3rd Street, Unit 150 San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : JULY 2, 2018 
FROM: SAMUEL MARTINEZ, Executive Officer
LA TRICI JONES, Clerk to the Commission
TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #5 – APPROVAL OF FISCAL YEAR 2009-10 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 2009-10 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 INFORMATION:

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 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 2008 and 2009 calendar years.


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.

SM/lj

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DATE: JULY 11, 2018 
FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item 6: Review and Update the Catalog of Enterprise Systems
per Government Code Section 6270.5

RECOMMENDATIONS:

Staff recommends that the Commission take the following actions:

1. Approve the Enterprise Systems Catalog as of July 1, 2018 as identified in this staff report.
2. Direct the Executive Officer to post the Enterprise Systems Catalog as of July 1, 2018 on the LAFCO website.

BACKGROUND:

On October 11, 2015, the State of California enacted Senate Bill 272 (SB 272) which added a section to the California Public Records Act (Government Code Section 6270.5) relating to public records. Section 6270.5 requires local agencies to create a catalog of "Enterprise Systems" and post that catalog on their respective websites with annual updates.

"Enterprise System" is defined as a software application or computer system that collects, stores, exchanges, and analyzes information that the agency uses that is both of the following:

- A multi-departmental system or a system that contains information collected about the public.
- A system of record where the system serves as an original source of data within an agency.

Systems used for security, public safety, and public utilities are not included in the requirements.

ANNUAL UPDATE:

Below is the catalog of “Enterprise Systems”, as prepared by LAFCO staff, as of July 1, 2018:


ENTERPRISE SYSTEMS PURCHASED DIRECTLY BY LAFCO						
Vendor	Product	Purpose	Data Type	Custodian	Data Collection Frequency	Data Update Frequency
CDWG	Adobe Pro	Fillable forms	Document Management	Agency-wide	As needed	As needed
CDWG	Adobe Creative Suite	Records management, fillable forms, graphic design	Document Management	Agency-wide	As needed	As needed
ECS Imaging	Laserfiche	Records Management	LAFCO Proposal Files	Agency-wide	As needed	As needed
ENTERPRISE SYSTEMS PURCHASED OR ACCESSED VIA THE COUNTY OF SAN BERNARDINO						
Vendor	Product	Purpose	Data Type	Custodian	Data Frequency Collection	Data Update Frequency
Blackberry Company	Enterprise Blackberry Exchange Server	Enterprise Blackberry Exchange Server (BES) Software and Infrastructure	Email	Agency-wide	Daily	Daily
County Information Services	PIMS	Property Valuation for the purpose of accessing tax roll data	Tax Roll	Agency-wide	Daily	Daily
County Information Services	sbclafco.org website	LAFCO website	Communications	Agency-wide	As needed	As needed
County Information Services	www.sbclafco.org/FiscalIndicators.aspx website	Fiscal Indicators of public agencies	Graphic display	Agency-wide	Annually	Annually
ESRI	ArcGIS Suite	Mapping, spatial analysis	Geographic Information Systems	Agency-wide	As needed	As needed
Google	Google Earth	Mapping, spatial analysis	Geographic Information Systems	Agency-wide	As needed	As needed
Microsoft	Exchange	Email	Email system	Agency-wide	Daily	Daily
Microsoft	Office Suite	Statutory obligations, General office work	Vendors' or contractors' information	Agency-wide	As needed	As needed
Microsoft	Enterprise Exchange (email)	Enterprise Microsoft Exchange Email Software and Infrastructure	Email	Agency-wide	Daily	Daily
Microsoft	Enterprise SQL Server	Enterprise SQL Server Software and Infrastructure	Databases	Agency-wide	Daily	Daily
Microsoft	Office 365	E-mail system used to send and receive e-mails	Email	Agency-wide	Daily	Daily
SAP	SAP Core Financials and Procurement	Financial Management System that is the integration of manual procedures and computer software from SAP	Financial	Agency-wide	Daily	Daily
ENTERPRISE SYSTEMS ACCESSED VIA THE INLAND EMPIRE MEDIA GROUP						
Vendor	Product	Purpose	Data Type	Custodian	Data Frequency Collection	Data Update Frequency
Adobe	Adobe Flash Player	Catalog LAFCO hearings	Video recordings	Agency-wide	Monthly	Monthly

Staff recommends that the Commission take the actions identified on page 1.

SM/MT

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DATE: JULY 11, 2018 
FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM # 8 - LAFCO 3227 – Sphere of Influence
Establishment for the Wrightwood Community Services District
(within San Bernardino County)

INITIATED BY:

Local Agency Formation Commission for San Bernardino County

RECOMMENDATION:

Staff recommends that the Commission take the following actions related to the sphere of influence establishment for the Wrightwood Community Services District:

1. Certify that LAFCO 3227 is statutorily exempt from environmental review, and direct the Executive Officer to file a Notice of Exemption within five (5) days;
2. Confirm the authorized functions and services of the Wrightwood Community Services District as identified within the Commission's adopted "Rules and Regulations Affecting Special Districts";
3. Approve the sphere of influence establishment for the Wrightwood Community Services District as conterminous with the District's boundaries (*San Bernardino County portion of the District only*) as outlined in this report; and
4. Adopt LAFCO Resolution No. 3271 reflecting the Commission's determinations and findings for the sphere of influence establishment as identified.

BACKGROUND:

The community of Wrightwood is a small mountain community located in the Swarthout Valley in the eastern San Gabriel Mountains. At present, the community is located in Los Angeles and San Bernardino Counties and has population of approximately 4,510 residents (2012-2016 American Community Survey data). Wrightwood is generally located east of Big Pine, south of the Phelan-Piñon Hills Community Services District, and west and north of parcel lines. Highway 2 traverses the community in a general east/west direction.

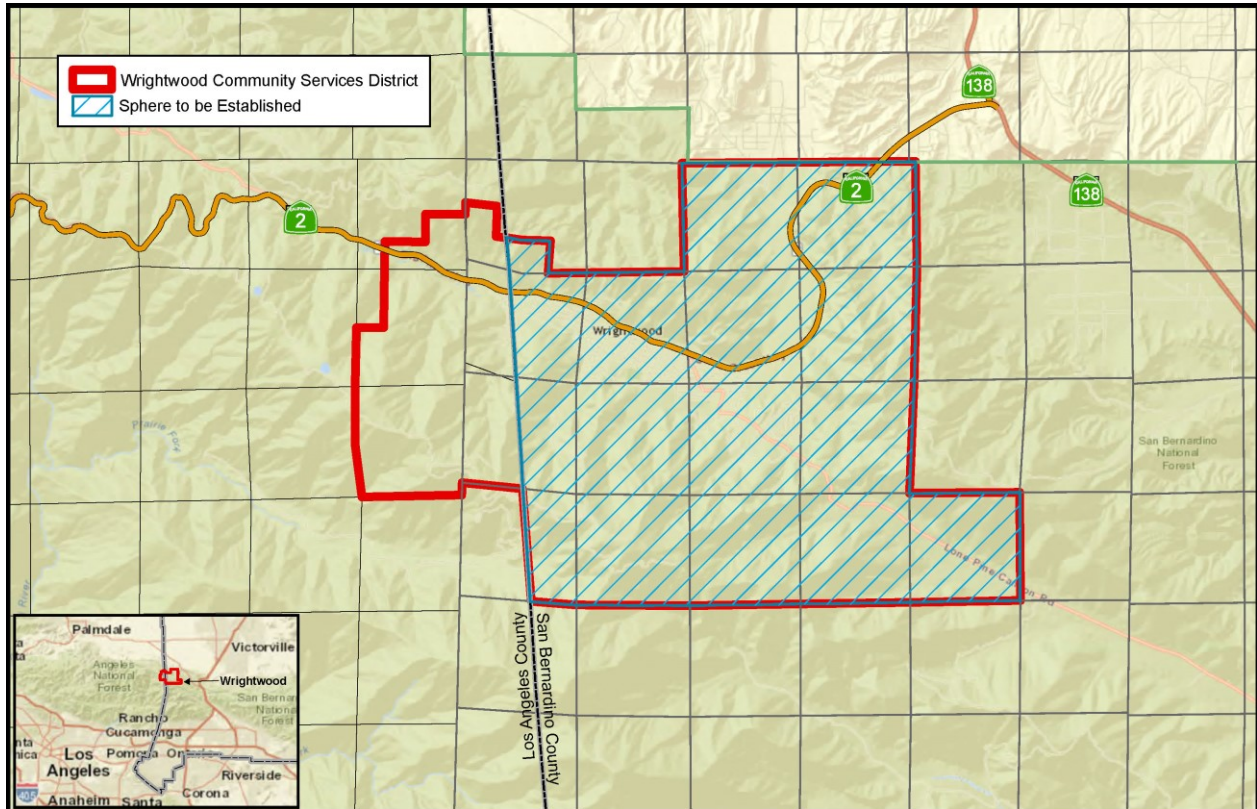
CSD Formation

On November 3, 2015, the Board of Supervisors for San Bernardino County initiated the formation of a community services district to provide for a single, multi-purpose special district to govern the Wrightwood community in both Los Angeles and San Bernardino Counties (LAFCO 3202). The Wrightwood Community Services District ("Wrightwood CSD" or "District") formation was approved by LAFCO on July 11, 2016 with the following functions and services as active powers: street lighting, parks and recreation, solid waste and recycling, and planning and engineering for wastewater service. Subsequently, the CSD formation was approved by Wrightwood voters on March 7, 2017 with an effective date of July 1, 2017.

Sphere Establishment within San Bernardino County

In the past, the Commission has generally established a sphere of influence for a newly formed agency within one year of its formation pursuant to the statutory direction identified in Government Code Section 56426.5(b). However, Section 56430(e) requires that the Commission, in conjunction with establishing a sphere of influence, also conduct a service review. Since its formation, the Wrightwood CSD has been addressing fiscal related issues. In order to have a better understanding of the District's finances, the Commission in April 2018, directed LAFCO staff to defer the service review until June 2019, while moving forward to establish the District's sphere of influence.

For new agencies, it has been the practice of the Commission to establish a sphere of influence coterminous with the agency's boundaries. This fulfills its requirement of establishing a sphere of influence for the newly formed agency within one year of its formation without obligating the agency to plan for the extension of its range of services beyond its existing boundaries. In this case, because the Wrightwood CSD's boundary extends beyond San Bernardino County into Los Angeles County, the sphere of influence establishment being proposed only addresses the Wrightwood CSD boundary within San Bernardino County (as shown on the map below). Therefore, LAFCO 3227 proposes to establish a sphere of influence for the Wrightwood CSD that is coterminous with its boundary in San Bernardino County.



Sphere Establishment within Los Angeles County

In November 2011 San Bernardino LAFCO and Los Angeles LAFCO entered into a Memorandum of Understanding for exchange of principal county status for sphere of influence matters that cross county boundaries to the county where the sphere of influence territory is located. Los Angeles LAFCO expressed its intention to utilize the provisions of this MOU to address the proposed establishment of the Wrightwood CSD sphere in Los Angeles County following San Bernardino LAFCO's completion of LAFCO 3227.

SPHERE OF INFLUENCE DETERMINATIONS:

The following address the mandatory factors as outlined in Government Code Section 56425:

1. The present and planned land uses in the area including agricultural and open space lands:

The land area proposed to be included in the sphere of influence of the Wrightwood CSD (*San Bernardino County portion only*) comprises 8,801 acres. The Wrightwood community is essentially nestled in a valley surrounded by forest lands. Within the subject territory, approximately 70 percent of the land is forest lands, 25 percent residential (both single family and multi-family) and five percent commercial. Currently, there are approximately 2,650 residential units.

Land use planning and development entitlements within the Wrightwood CSD sphere of influence area under consideration are administered through the County of San Bernardino. According to the County's Land Use Services Department, the current County General Plan Land Use Designations for the sphere establishment area are: Special Development Residential (SD-RES), Multiple Residential (RM), Single Residential (RS), Single Residential – 10,000 sq. ft. min. (RS-10M), Service Commercial (CS), General Commercial (CG), Neighborhood Commercial (CN), Floodway (FW), and Resource Conservation (RC).

No agricultural land uses are designated within the subject sphere of influence territory.

According to the County's Land Use Services Department, there are not any known special land use concerns within the subject area.

Because a sphere of influence is a planning tool only, no land use changes are anticipated as a result of the proposed sphere establishment.

2. The present and probable need for public facilities and services in the area:

Present Need

The Wrightwood CSD currently provides street lighting, park and recreation and solid waste disposal (through a contract with CR&R Waste and Recycling Services). The District has been providing these services for one year with a level determined by its finances.

The District is also authorized to provide wastewater services, but is limited to planning and engineering services only.

Probable Need

Wrightwood is located at an elevation of approximately 6,000 feet above sea level and has no municipal sewer services. As a result, all development in this area requires Onsite Wastewater Treatment Systems ("OWTS" - septic tanks, package plants). By 2020, the developed area is anticipated to increase to 68% of the total service area, with 3,024 dwelling units. By 2050, the proportion of area developed is anticipated to grow to 88%, with 3,581 dwelling units.

In response to the formation of the Wrightwood Community Services District in 2016 (LAFCO 3202), the Lahontan Water Board provided information on the community's wastewater circumstance¹:

¹ Lahontan Water Board. Jehiel Cass for Mike Plaziak. Letter dated 30 June 2016.

These are septic tanks for solids removal followed by sub-surface disposal, typically a seepage pit². The Lahontan Water Board has long desired that some form of common sewerage be implemented in Wrightwood to deal with problems that periodically arise. Options include centralized or de-centralized sewer collection, treatment, and disposal, and OWTS maintenance.

OWTS failures have occurred in the older sections of Wrightwood with a high density of small lots. Failures have also occurred in years with elevated precipitation when shallow groundwater rises to the surface. Many underdeveloped lots do not meet the Water Board's minimum lot size for installing an OWTS.

The requirement for sewerage is not locally made - it is a requirement which may be imposed by a regional regulatory agency. The approval of LAFCO 3202 in 2017 authorized the CSD the function of wastewater (limited to planning of a regional sewer entity).

Just formed in July 2017, the Wrightwood CSD is in its infancy and continues to work through the administrative, budgetary and service challenges common of any newly formed agency. From LAFCO staff's perspective, for the CSD to take on an additional service at this time, especially one as complex and labor intensive as sewer, would be extremely challenging in the near term. However, the lack of a sanitary sewer system in Wrightwood is a core infrastructure deficiency and should remain a high level community concern.

The CSD is positioned to play a key role in coordinating with the Lahontan Board and representing the Wrightwood community on this issue. LAFCO staff encourages both parties to have ongoing communication and continue to inform the Wrightwood community on important sewer and water quality related issues. Should the CSD, at some point in the future, desire to actively provide wastewater collection and treatment service, it would be required to return to San Bernardino LAFCO for approval under the provisions outlined in Government Code Section 56824.10 et seq.

Additionally, roughly two and half miles to the west of the Wrightwood CSD in Los Angeles County is the Mountain High Ski Area, which has two wastewater treatment plants. The Lahontan Regional Board identified that an additional opportunity may be for a single system to encompass the Wrightwood and Mountain High communities. From LAFCO's staff view, a single sewer collection and treatment system for the entire Wrightwood/Mountain High area has the potential to provide a long-term solution to the larger community's sewer needs. The viability of this option should be explored in any sewer planning efforts for this area.

² A drilled or dug excavation three to six feet in diameter. It is also gravel filled but has a hollow core with a minimum depth below the inlet of feet and receives effluent discharge for dispersal from a septic tank or other OWTS treatment unit.

3. The present capacity of public facilities and adequacy of public services that the agency to be expanded provides or is authorized to provide:

The Wrightwood CSD is able to adequately provide its authorized services: street lighting, park and recreation, solid waste disposal (through a contract with CR&R Waste and Recycling Services), and planning and engineering for wastewater services. No expansion of services will result from this proposed sphere of influence establishment.

In the event the Lahontan Regional Water Quality Control Board issues an order prohibiting wastewater discharge in the area, the District (given its wastewater planning function) will be the logical entity to ultimately provide wastewater collection and treatment services. This will require the District to return to LAFCO in order to activate its collection and treatment services under its wastewater function.

4. The existence of any social or economic communities of interest as determined by the Commission to be relevant to the agency:

The Wrightwood community is a small, isolated mountain community located in the Angeles National Forest. As referenced earlier in this report, the community includes territory in both San Bernardino and Los Angeles Counties. Although this report addresses the establishment of a sphere of influence for the San Bernardino County portion of the Wrightwood CSD, formation of the CSD has provided a single, unifying form of governance which considers the social and economic interests of the entire Wrightwood community.

Services of the Agency:

Government Code Section 56425(i) requires that when adopting, amending, or updating a sphere of influence for a special district, the Commission is required to review and identify the range of services to be provided, as well as the nature and location of those services. At present, the Commission's Policy and Procedure Manual "Chapter 3 Listing of Special Districts within San Bernardino LAFCO -- Authorized Functions and Services" identifies the following services for the Wrightwood Community Services District:

Streetlighting – Acquire, construct, improve, maintain and operate streetlighting and landscaping on public property, public right-of-way, and public easements (§61100(g)).

Park and Recreation – Acquire, construct, improve, maintain and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law (commencing with Section 5780) of the Public Resources Code (§61100(f)).

Solid Waste and Recycling -- Collect, transfer, and dispose of solid waste and refuse and provide solid waste handling service, including, but not limited to, source reduction, recycling, composting activities, pursuant to Division 30 (commencing with Section 40000) and consistent with Section 41821.2 of the Public Resources Code (§61100c).

Wastewater – Planning and engineering for the potential development of a regional wastewater treatment system should such be required by the Lahontan Regional Water Quality Control Board in the same manner as a sanitary district, formed pursuant to Sanitary District Act of 1923 Division 6 (commencing with Section 6400) of the Health and Safety Code (§61100b).

LAFCO staff recommends that the Commission confirm the authorized functions and services of the Wrightwood Community Services District as identified above.

ADDITIONAL DETERMINATIONS:

1. The Commission is the lead agency for review of the potential environmental consequences of the sphere of influence establishment. LAFCO staff has provided the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, with the application materials for review. Mr. Dodson has indicated that the determination of a sphere establishment, which is a planning boundary, does not cause modification to the physical environment. Therefore, his recommendation is that the sphere establishment is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061(b)(3).
2. Legal notice of the Commission's consideration of the proposal has been provided through publication of a 1/8th page advertisement in *The Mountaineer*, a newspaper of general circulation in the area.
3. Individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.

CONCLUSION:

The Wrightwood CSD was officially formed on July 1, 2017. In the past, the Commission's past practice has been to establish a coterminous sphere of influence for new agencies within one year of formation (pursuant to the statutory direction identified in Government Code Section 56426.5(b)) in conjunction with completion of a service review (Government Code Section 56430(e)). To allow additional time for the Wrightwood CSD to stabilize its finances, the Commission deferred completion of the service review until July 2019.

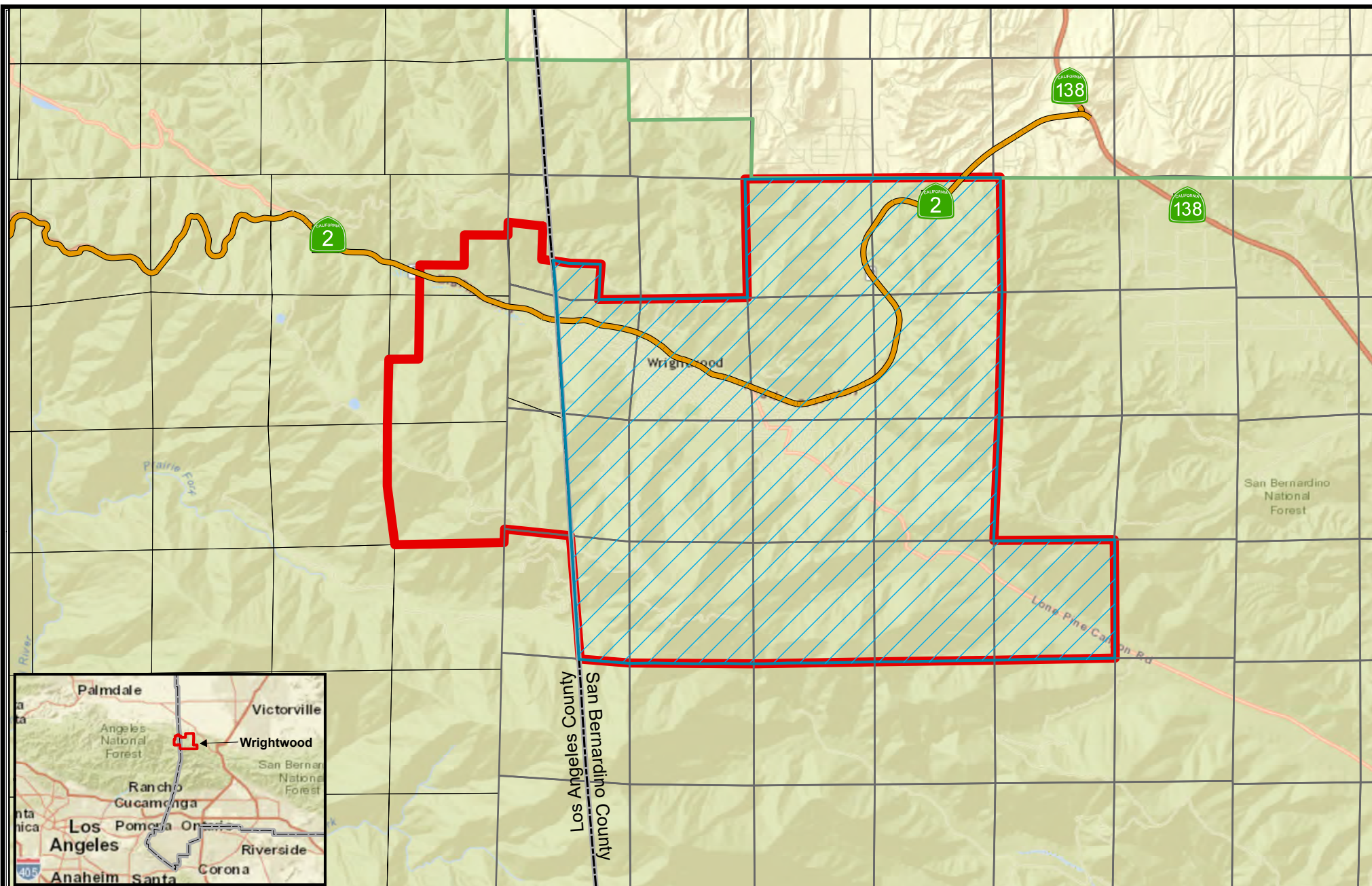
Consistent with the Commission's past practices, staff recommends approval of a coterminous sphere of influence for the San Bernardino County portion of the Wrightwood CSD. A coterminous sphere, for this newly formed agency, will allow the District to focus its efforts within its current boundaries at this point in time.

Attachments:

1. [Vicinity Map and Map of Proposed Sphere Establishment](#)
2. [Wrightwood CSD Application for Sphere of Influence Establishment](#)
3. [Staff Report for LAFCO 3202 from July 2016](#)
4. [Letter from Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates dated July 9, 2018](#)
5. [Draft LAFCO Resolution No. 3271](#)

**Vicinity Map and Map of
Proposed Sphere
Establishment**

Attachment 1



LAFCO 3227 – Sphere of Influence Establishment for the Wrightwood Community Services District (within San Bernardino County)

Legend

- Wrightwood CSD
- Sphere to be Established
- Countyline
- National Forest Boundary



0 0.5 1 2 Miles

**Wrightwood CSD Application
for Sphere of Influence
Establishment**

Attachment 2

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 application to allow the San Bernardino LAFCO, its staff and others to adequately assess the proposal. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your proposal. 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: LAFCO 3227 - Sphere of Influence Establishment for the Wrightwood Community Services District (within San Bernardino County)

2. NAME OF APPLICANT: Local Agency Formation Commission for San Bernardino County
 APPLICANT TYPE: ☐ Landowner ☐ Local Agency
 ☐ Registered Voter ☒ Other LAFCO
 MAILING ADDRESS:
 1170 W. Third Street, Unit 150, San Bernardino, CA 92415-0490

 PHONE: (909) 388-0480
 FAX: (909) 388-0481
 E-MAIL ADDRESS: _____

3. GENERAL LOCATION OF PROPOSAL: The sphere of Influence to be established is coterminous to the Wrightwood CSD's boundary within San Bernardino County generally located east of the Los Angeles/San Bernardino County line, south of the Phelan Pinon Hills CSD, and west and north of parcel lines.

4. Does the application possess 100% written consent of each landowner in the subject territory?
 YES ☐ NO ☒ If YES, provide written authorization for change.

5. Indicate the reason(s) that the proposed action has been requested. Government Code Section 56425 requires that LAFCO establish spheres of influence for each city and special district under its purview within San Bernardino County. In addition, it is the Commission's practice to establish a sphere of influence coterminus to the agency's boundaries. In this case, since the Wrightwood CSD's boundary extends beyond San Bernardino County, the sphere of influence establishment being proposed is to be coterminus with the CSD's boundary within San Bernardino County. Los Angeles LAFCO will be responsible for establishing the sphere of influence for the CSD within Los Angeles County.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres):
8,661 +/- acres
-
2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, four-plex, 10-unit], apartments)
2,650
-
3. Approximate current population within area:
4,200
-
4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):
N/A
-
- San Bernardino County General Plan designation(s) and uses permitted by this designation(s):
RC (Resource Conservation), RS (Single Residential), RS-10M, RM (Multiple Residential), SD-RES (Special Development - Residential), CN (Neighborhood Commercial), CS (Service Commercial), CG (General Commercial, & FW (Floodway)
-
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:
N/A
-
6. Indicate the existing use of the subject territory.
Existing uses include residential development, commercial, and forest land
-
- What is the proposed land use?
No land use changes are anticipated as a result of the sphere establishment
-
7. 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 ☒ If YES, please explain.

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

- | | |
|--|--|
| <input 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: _____ | |

9. Provide a narrative response to the following factor of consideration as identified in §56668(p):
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 proposed sphere of influence establishment, which is simply the
establishment of a planning boundary, will not result in the unfair treatment of
any person based on race, culture or income

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. Mountain valley surrounded by forest land

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

Residential	<u>25</u> %	Agricultural	_____ %
Commercial	<u>5</u> %	Vacant	_____ %
Industrial	_____ %	Other (Forest land)	<u>70</u> %

3. Describe the surrounding land uses:

NORTH	<u>Angeles National Forest</u>
EAST	<u>San Bernardino National Forest</u>
SOUTH	<u>San Bernardino and Angeles National Forest</u>
WEST	<u>Angeles National Forest</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.).

None

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

N/A

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

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

The Wrightwood CSD's boundary extends beyond San Bernardino County. This proposal is only proposing the sphere of influence establishment for the CSD within San Bernardino County. Los Angeles LAFCO will be responsible for establishing the sphere of influence for the CSD within Los Angeles County.

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.

NAME Al Morrisette TELEPHONE NO. (760) 249-3205

ADDRESS: 1275 Hwy 2 (P.O. Box 218), Wrightwood, CA 92397

NAME _____ TELEPHONE NO. _____

ADDRESS: _____

NAME _____ TELEPHONE NO. _____

ADDRESS: _____

CERTIFICATION

As a part of this application, the City/Town of N/A, or the _____ District/Agency, _____ (the applicant) and/or the _____ (real party in interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees,

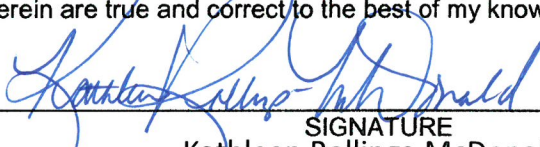
and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

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 June 14, 2018


SIGNATURE
Kathleen Rollings-McDonald

Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

LAFCO Executive Officer

Title and Affiliation (if applicable)

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

SUPPLEMENT SPHERE OF INFLUENCE AMENDMENT

INTRODUCTION: The questions on this form are designed to obtain data about the specific sphere of influence amendment application to allow the Commission, staff and others to adequately assess the application. You may also include any additional information that you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. Please provide an identification of the agencies involved in the proposed sphere of influence change(s):

SPHERE EXPANSION	ESTABLISHMENT	SPHERE REDUCTION
------------------	---------------	------------------

_____	_____	_____
Wrightwood Community	_____	_____
Services District	_____	_____
_____	_____	_____

2. Provide a narrative description of the following factors of consideration as outlined in Government Code Section 56425. (If additional room for response is necessary, please attach additional sheets to this form.)

The present and planned land uses in the area, including agricultural and open-space lands.

Present uses within the community of Wrightwood include a mix of residential, commercial, and forest land. The County has designated the area with the following land uses : RC, RS, RS-10M, RM, SD-RES, CN, CS, CG, and Floodway. No change in land use is currently anticipated.

The present and probable need for public facilities and services in the area.

The Wrightwood CSD currently provides streetlighting, park and recreation, as well as solid waste disposal (through a contract with CR&R Waste and Recycling Services). The CSD is also authorized the function of wastewater but limited to planning.

~~Water service within the area is provided by Golden State Water Company (GSWC).~~

The present capacity of public facilities and adequacy of public services that the agency to be expanded provides or is authorized to provide.

The Wrightwood CSD currently provides streetlighting, park and recreation, as well as solid waste disposal (through a contract with CR&R). The CSD is able to adequately provide its services. In the event that the Regional board issues an order prohibiting wastewater discharge in the area, the CSD (given its wastewater planning function) will be the logical entity to provide wastewater collection and treatment services. This will require the CSD to return to LAFCO in order to activate its collection and treatment services under its wastewater function.

The existence of any social or economic communities of interest in the area.

The Wrightwood community is a small isolated mountain community located in the Angeles National Forest. State Route 2 (Angeles Crest Highway) traverses through the Community that is just west of State Route 138 and east of Mountain High ski resort.

The present and probable need for public facilities or services related to sewers, municipal and industrial water, or structural fire protection for any disadvantaged unincorporated community, as defined by Govt. Code Section 56033.5, within the existing sphere of influence.

The Wrightwood community is not considered a disadvantaged unincorporated community.

3. If the sphere of influence amendment includes a city sphere of influence change, provide a written statement of whether or not agreement on the sphere change between the city and county was achieved as required by Government Code Section 56425. In addition, provide a written statement of the elements of agreement (such as, development standards, boundaries, zoning agreements, etc.) (See Government Code Section 56425)

N/A

4. If the sphere of influence amendment includes a special district sphere of influence change, provide a written statement: (a) specifying the function or classes of service provided by the district(s) and (b) specifying the nature, location and extent of the functions or classes of service provided by the district(s). (See Government Code Section 56425(i))

The Wrightwood CSD was formed on July 1, 2017 with the following authorized functions and/services: Streetlighting (acquire, construct, improve, maintain, and operate streetlighting), Park and Recreation (acquire, construct, improve, maintain, and operate recreation facilities including, but not limited to, parks and open space), Solide Waste and Recycling (collect, transfer, and dispose of solid waste and refuse), and Wastewater (planning and engineering for the potential development of a regional wastewater treatment system). For full description, see LAFCO Policy and Procedure Manual

5. For any sphere of influence amendment either initiated by an agency or individual, or updated as mandated by Government Code Section 56425, the following service review information is

(FOR LAFCO USE ONLY)

required to be addressed in a narrative discussion, and attached to this supplemental form (See Government Code Section 56430):

- a. Growth and population projections for the affected area.
- b. Location and characteristics of disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- c. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies, including those associated with a disadvantaged unincorporated community.
- d. Financial ability of agencies to provide services.
- e. Status of, and opportunities for, shared facilities.
- f. Accountability for community service needs, including governmental structure and operational efficiencies.

If additional sheet are submitted or a separate document provided to fulfill Item #5, the narrative description shall be signed and certified by an official of the agency(s) involved with the sphere of influence review as to the accuracy of the information provided. If necessary, attach copies of documents supporting statements.

The Commission deferred the CSD's required service review for one year (return June 2019)

CERTIFICATION

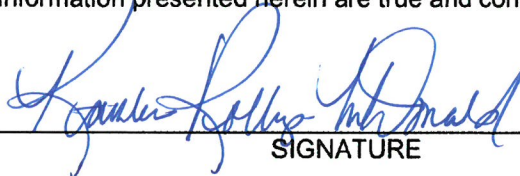
As a part of this application, the City/Town of N/A, or the _____ District/Agency, _____ (the applicant) and/or the _____ (real party in interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release 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, penalties, fines and other costs, imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above 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 June 14, 2018



SIGNATURE

Kathleen Rollings-McDonald

Printed Name of Applicant or Real Property in Interest

(FOR LAFCO USE ONLY)

(Landowner/Registered Voter of the Application Subject Property)

LAFCO Executive Officer

Title and Affiliation (if applicable)

Rev: krm – 8/19/2015

**Staff Report for LAFCO 3202
from July 2016**

Attachment 3

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 885-8170
E-mail: lafoo@lafoo.sbcounty.gov
www.sbclafoo.org

DATE: JULY 11, 2016

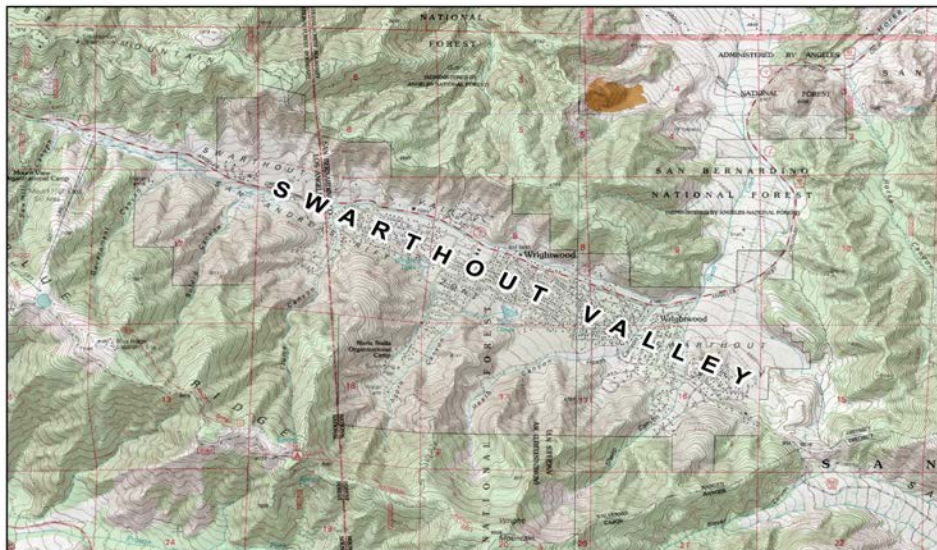
FROM: KATHLEEN ROLLINGS-MCDONALD, Executive Officer
SAMUEL MARTINEZ, Assistant Executive Officer
MICHAEL TUERPE, Project Manager
JEFFERY LUM, LAFCO Analyst/GIS

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #9: LAFCO 3202 – Reorganization to Include Formation of the Wrightwood Community Services District and Dissolution of County Service Area 56

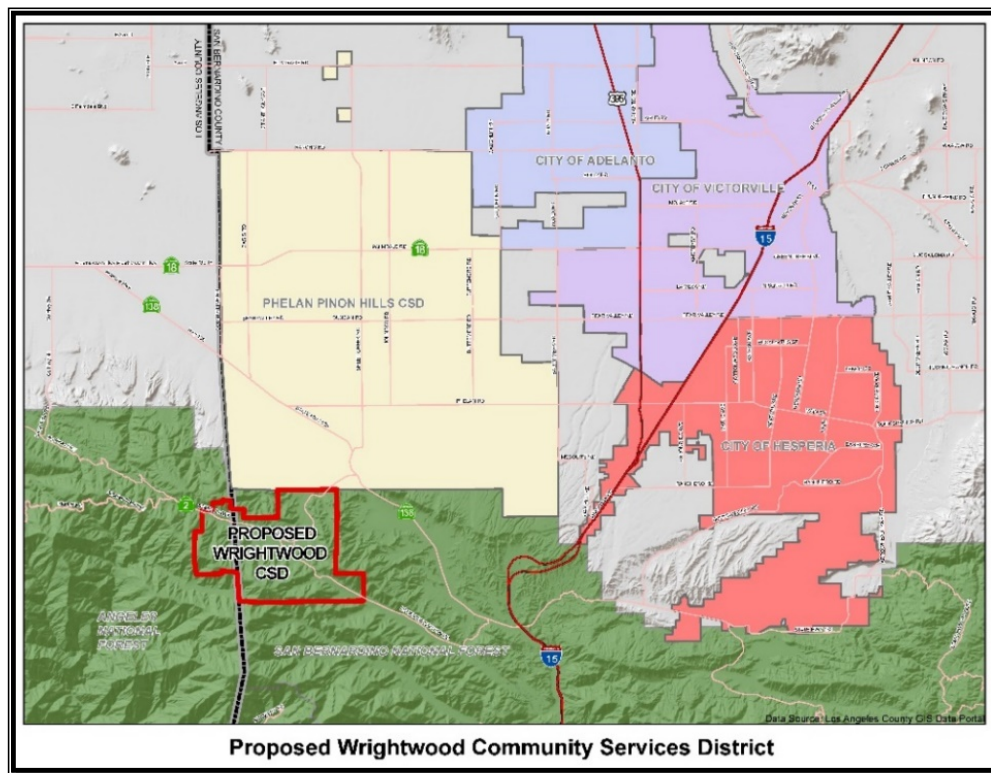
INTRODUCTION

The community of Wrightwood is a small mountain community located in the Swarthout Valley in the eastern San Gabriel Mountains. According to the Wrightwood Historical Society, the first permanent settlers in the area arrived in the 1800s as prospectors with the Swarthout family arriving in 1851 to ranch and graze cattle in the area. Wrightwood is named for Sumner Wright who owned the company which bought and sold the property in the community dating from approximately 1906. At present the community, on both sides of the Los Angeles/San Bernardino County line, has a permanent population of 4,525 (2010 Census data).



Topographic Map of Swarthout Valley

LAFCO 3202 is a proposal to form the Wrightwood Community Services District (hereinafter identified as “WCSD” or “CSD”) for the community of Wrightwood generally located east and west of the Los Angeles/San Bernardino County line. The territory is generally east of Big Pine, south of the Phelan Pinon Hills Community Services District, west and north of parcels lines. Highway 2 traverses the community in a general east/west direction. The general location of the area proposed to become the Wrightwood CSD is shown below:

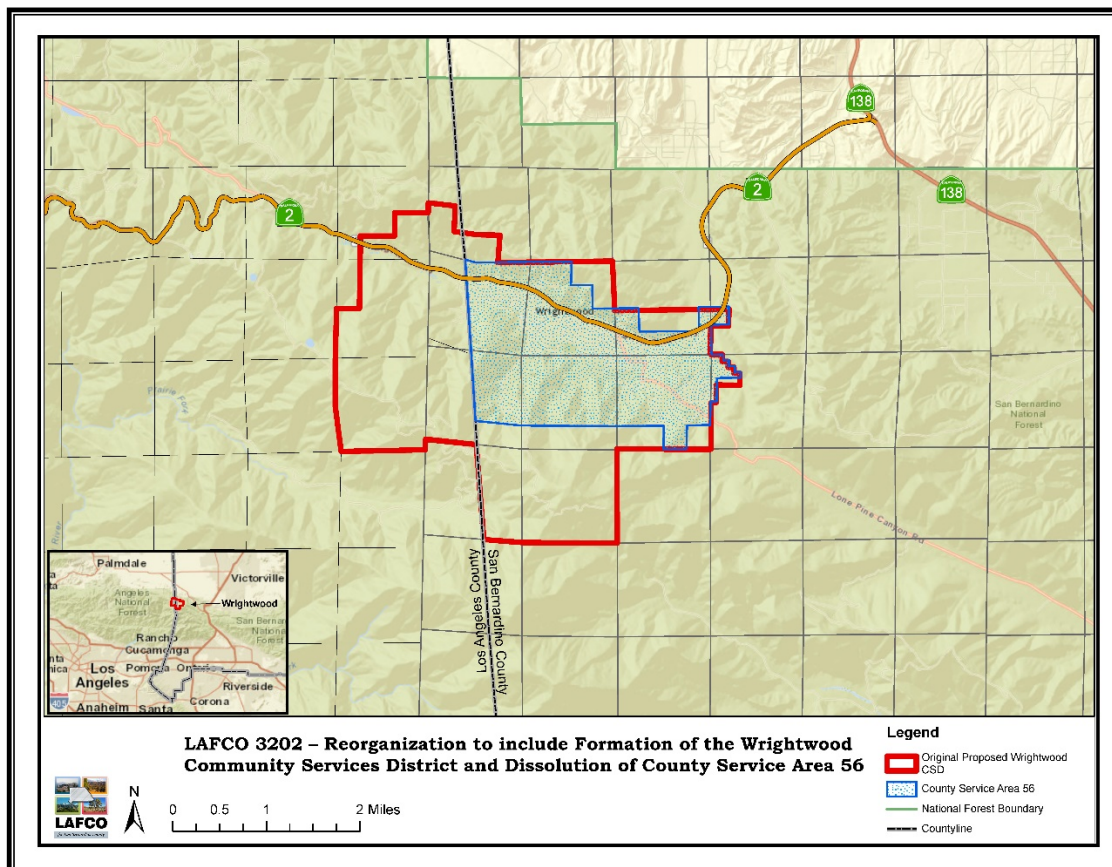


As shown, the proposal includes lands within both Los Angeles and San Bernardino Counties. For processing of this application, San Bernardino LAFCO is the “principal county”. This determination is made based upon the County which contains the “greater portion of the entire assessed value” of taxable properties within the area. However, the processing of this application has been closely coordinated with Los Angeles LAFCO and the various affected departments within Los Angeles County.

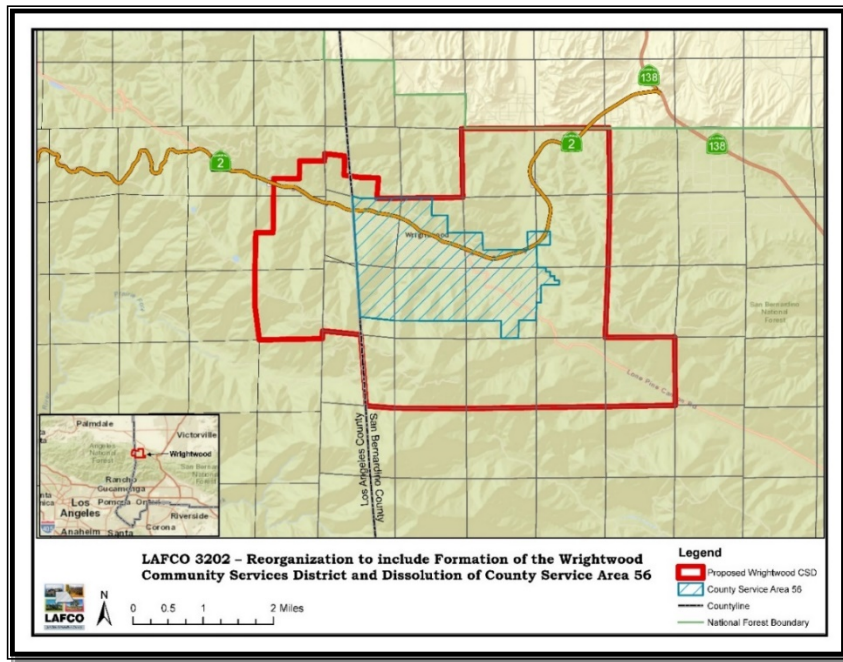
The proposal was initiated by the San Bernardino County Board of Supervisors through adoption of a resolution of application in response to requests made by the Feasibility Committee for a Wrightwood Community Services District (hereafter identified as the “Committee”). The Committee’s request for initiation by resolution related to timing for consideration and the perceived burden of needing to gather signatures of 25% of the registered voters to initiate the proposal. The Committee provided to the First District Supervisorial Office its feasibility study evaluating the option of formation of a CSD and the letter of support from Supervisor Antonovich from Los Angeles County; thereafter, the San Bernardino County Board of Supervisors, on November 3, 2015, as an affected agency,

adopted Resolution No. 2015-217, formally initiating the application. No formal statement of community support has been provided for this proposal to either LAFCO staff or the First District office.

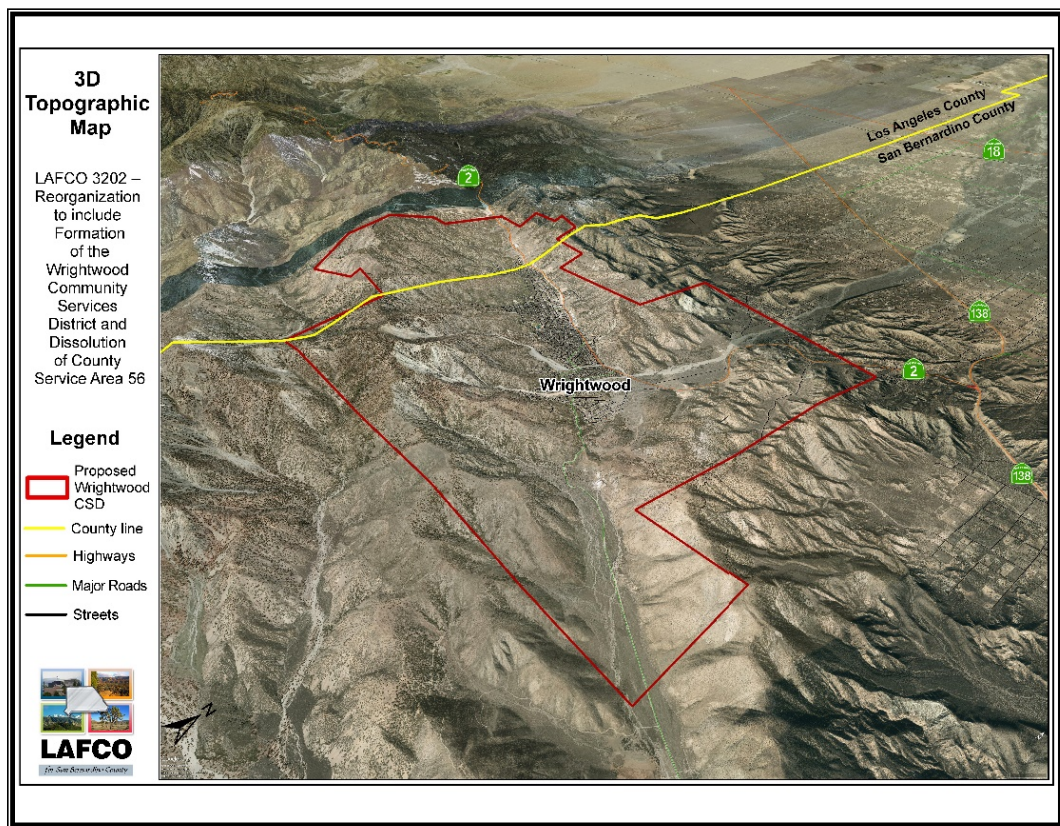
The proposal was initiated with an original boundary encompassing 6,012 acres (9.62 square miles). The area was identified as the generally accepted definition of the community of Wrightwood. This original boundary is shown below:



However, as LAFCO staff's analysis was undertaken, questions arose regarding whether or not the proposed boundary accurately reflected the community of Wrightwood, specifically for the territory within San Bernardino County. Following discussions with the proponent and the Committee, on June 6th, the boundary was expanded within San Bernardino County northerly to generally abut the Phelan Pinon Hills CSD boundary, and easterly to include additional territory along Lone Pine Canyon Road. The modified WCSD boundary encompasses approximately 17 square miles (10,739 +/- acres) located in the Swarthout Canyon area of the San Gabriel Mountains generally along the Angeles Crest Highway (State Route 2) east and west of the Los Angeles/San Bernardino County line as shown on the map which follows.



The proposed modification to the boundary was chosen based upon the topography and access to services through the proposed WCSD. The map which follows provides a topographic view of the expansion area looking northwesterly.



The proposal as presented to LAFCO provides for the new WCSD to be formed with the authorization of active functions/services for park and recreation, streetlighting, and solid waste/recycling services. An additional element of the proposed change is the dissolution of County Service Area 56 (serving within San Bernardino County) which currently provides park and recreation and streetlighting and is authorized to provide sewer services, but only its park and recreation and streetlighting services were proposed to transfer to the new entity as a function of the reorganization. The omission of the wastewater (sewer) function/service has been the topic of extensive discussion at the staff level and will be addressed in more detail in the narrative which follows. However, at this juncture it should be noted that LAFCO staff is proposing the expansion of the functions and services authorized the District, should it be approved, to include wastewater for planning and engineering purposes.

BACKGROUND

This hearing requires the presentation and consideration of the issues required for the formation of a new independent Community Services District. The evaluation of the reorganization will include a review of issues outlined by the Community Services District Law (Government Code Section 61000 et seq.), and by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.), as well as a number of Commission policy issues relevant to the review of the formation of an independent form of special district to govern the services of the community.

As noted above, the Board of Supervisors for San Bernardino County's initiation of this proposal was in response to a community-based Feasibility Study Committee which, after several years of discussion and review of the questions on governance of the community, recommended the formation of a Community Services District to provide for a single, multi-purpose special district as the preferred form of government for its community in both Los Angeles and San Bernardino Counties and to provide for local control of the selective services delivered to that community. When the Commission is to review the formation of a CSD, it must first look to the legislative intent provisions of CSD Law defined as follows:

“The Legislature finds and declares that for many communities, community services districts may be any of the following:

- (1) A permanent form of governance that can provide locally adequate levels of public facilities and services.*
- (2) An effective form of governance for combining two or more special districts that serve overlapping or adjacent territory into a multifunction special district.*
- (3) A form of governance that can serve as an alternative to the incorporation of a new city.*
- (4) A transitional form of governance as the community approaches cityhood.”*

The recommendations of the Committee identified a consolidated, multi-purpose entity with a locally-elected board of directors as the preferred form of governance fulfilling the intent provisions of items (1), (2) and (3) outlined above. The formation of this agency cannot fulfill the directives of Item #4 as a city cannot include territory in more than one county. The Committee has outlined the assumption of responsibility for the existing services of park and recreation and streetlighting, along with the service of providing for solid waste to be active functions and services for the community with all other services available to a CSD to be considered latent powers, subject to further LAFCO review.

At the outset of this review, the Committee desired a November election date to coincide with the Presidential Election in November 2016. However, due to the processing requirements for a bi-county special district the matter could not be filed with the respective Registrars of Voters in time for that election. The next available election date is March 7, 2017. Even this date requires a very specific timeline of Commission actions necessary to place this item before the electorate on the March ballot. That timeline is as follows:

- The Commission must take its final action on July 20, 2016, if the determination is to approve the formation of the CSD and adopt its resolution setting forth the terms and conditions imposed upon LAFCO 3202;
- The adoption of the Commission's resolution starts the 30-day reconsideration period required by Government Code Section 56895 – July 20 through August 19;
- Following completion of the reconsideration period, the Protest Hearing will be scheduled providing for a 21-day protest period anticipated to be held on or about September 15, 2016;
- During this protest period, LAFCO staff will submit the approved map and legal description for LAFCO 3202 to the Registrars of Voters within San Bernardino and Los Angeles Counties as required by the September 8, 2016 deadline;
- Following completion of the protest, the Boards of Supervisors of Los Angeles and San Bernardino Counties will be requested to direct their respective Registrar of Voters place the matter of district approval and for the selection of the initial board of directors on the March 7, 2017 ballot at the request of the Commission. That submission to the Registrars is required by no later than November 2, 2016; and,
- Adoption of the Impartial Analysis for the election will be placed on either the December 2016 or January 2017 Agenda.

These timeframes are tight and do not allow for much latitude in processing.

As the evaluation of this proposal begins, State law and Commission policy requires that the Commission's decision must include, but not be limited to, answering the following questions:

1. Do the boundaries of the proposed new district make sense from a service delivery perspective for current and future growth? Are the boundaries reasonably

recognizable? Do they promote efficient service delivery? Do they represent a community of interest? Do the proposed boundaries infringe on other established spheres of influence that might impede achievement of Commission goals in those areas?

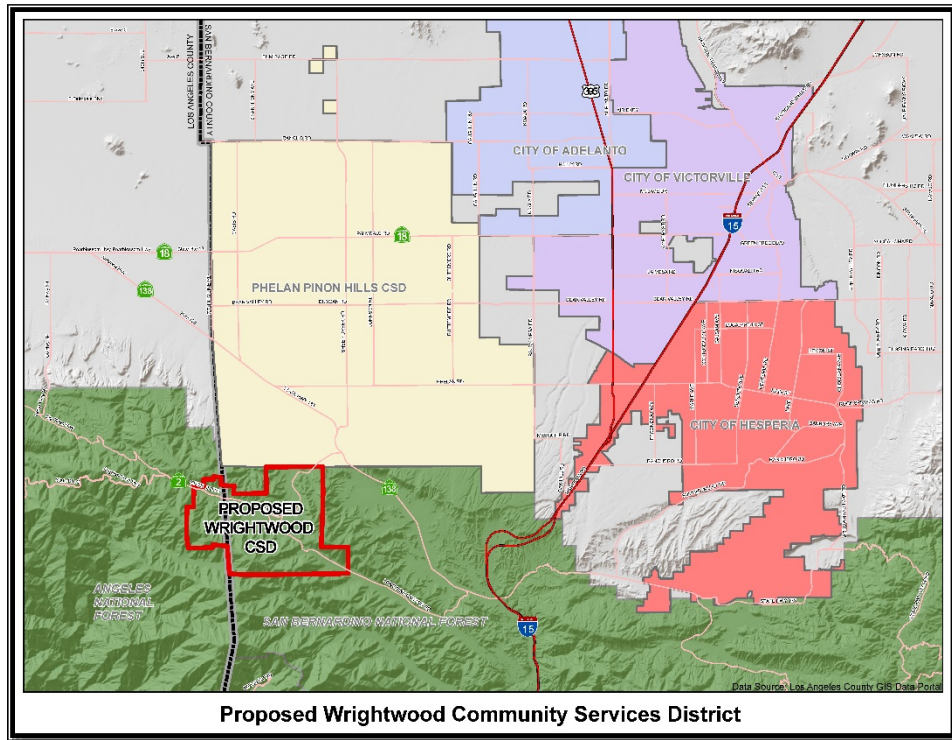
2. Would the formation of the new district impair the ability of any other agency to continue providing services? Would there be any adverse financial or service impacts on other agencies that would damage their ability to maintain service levels in other areas?
3. Is the proposed new district financially feasible and sustainable for at least the five years following formation? Can it, at least, maintain the pre-formation service levels that are currently provided within the study area?
4. Does the proposed formation represent the best available service option for the community? Are there better alternatives for the provision of the range of services within the study area? Does the proposed formation provide for a more efficient and accountable form of government?
5. Would the proposed formation have any adverse environmental effects that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

The Commission's policies related to processing a formation proposal identify that the preference would be to annex to an existing agency rather than the formation of a new government, with the formation of a new government as the least desirable alternative. However, in this area there isn't an existing agency that could serve in both counties that has a relationship to the Wrightwood community. The Phelan Pinon Hills CSD is located to the north but has a distinct community of interest; County Service Area 56 is limited to territory within only San Bernardino County and, as a CSA, is a financing tool for the County to provide its range of services. The proposal does meet the Commission's policy of creating a multi-function agency rather than a single purpose entity for a community. As the Commission begins its analysis and consideration, its response to some of these questions may not be politically popular; however, the unique role defined for the Commission in State law requires that the answers to these questions on the systems to provide for the delivery of service be the focus of its consideration.

BOUNDARIES

Do the boundaries of the proposed new district make sense from a service delivery perspective for current and future growth? Are the boundaries reasonably recognizable? Do they promote efficient service delivery? Do they represent a community of interest? Do the proposed boundaries infringe on other established spheres of influence that might impede achievement of Commission goals in those areas?

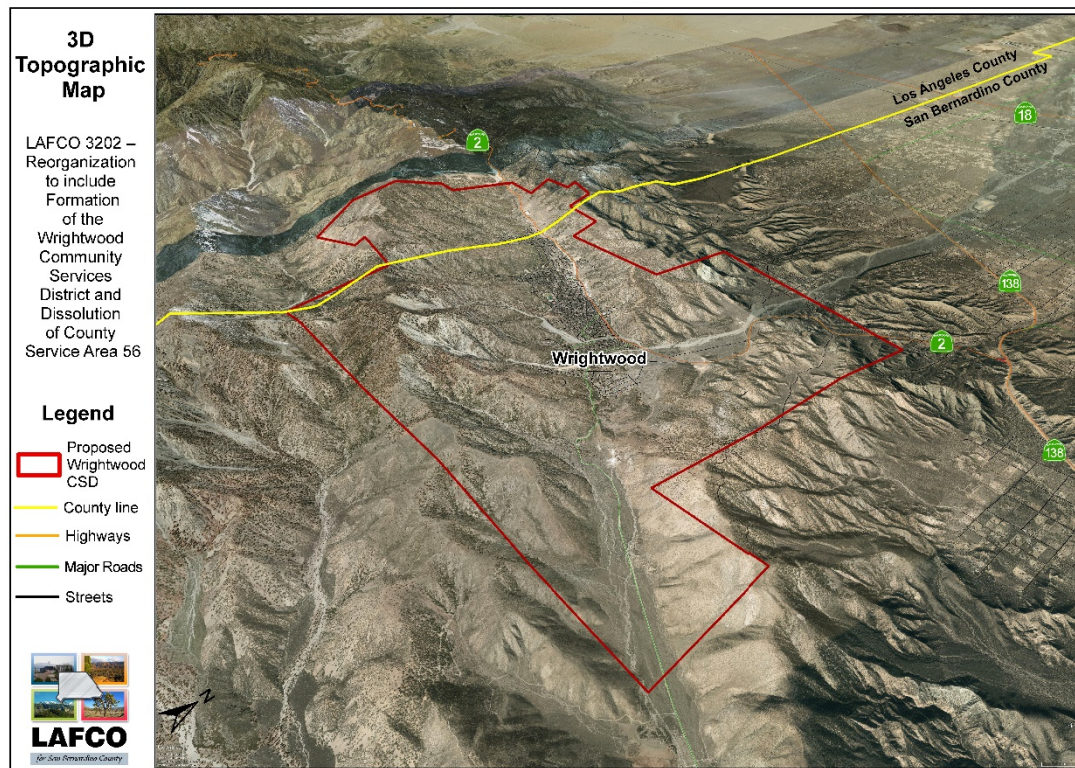
The map below provides the outline of the boundaries as modified for the proposed Wrightwood CSD (WCSD) in a regional context. Of note, there are no regional services agencies on the Los Angeles County portion of the proposal, but a number of them on the San Bernardino County side.



The boundary presented for the WCSD is reflective of the identified community, including lands within both San Bernardino and Los Angeles Counties. It does not infringe upon an established sphere of influence or boundary of another serving agency. The existing agencies within the area and/or whose sphere of influence includes the area are:

- CSA 56, which serves the community of Wrightwood within San Bernardino County, and is proposed for dissolution.
- CSA 70 (which includes the entirety of San Bernardino County's unincorporated territory), whose sphere is coterminous with its boundaries.
- San Bernardino County Fire Protection District and its North Desert Service Zone for San Bernardino County, whose sphere of influence includes the area in San Bernardino County. In addition, the North Desert Service Zone has an existing contract with the Consolidated Fire Protection District for Los Angeles County to provide for service to its area.

- Consolidated Fire Protection District for Los Angeles County for the territory in Los Angeles County.
- Mojave Desert Resource Conservation District overlays the majority of the territory and is included within its sphere of influence within San Bernardino County.
- Golden State Water Company (a private water company) overlays the territory of the proposed District in both Counties and has no sphere of influence designation by either Commission.



The Commission's boundary determination needs to answer the questions identified in Commission policies and State law, identified as follows:

- Do the boundaries of the proposed new district make sense from a service delivery perspective for current and future growth?
- Are the boundaries reasonably recognizable?
- Do they promote efficient service delivery?
- Do they represent a community of interest?

- Do the proposed boundaries infringe on other established spheres of influence that might impede achievement of Commission goals in those areas?

As noted above, on June 6th the boundaries for the proposed WCSD were modified within the San Bernardino County portion to more accurately reflect the community of Wrightwood abutting the Phelan Pinon Hills CSD as you enter the community along Highway 2 and extending along Lone Pine Canyon Road. The boundaries as modified represent, in the staff's view, a cohesive socio-economic community of interest. Based upon this community definition, the boundaries as proposed represent a reasonable service boundary for current and future growth within the community. And finally, due to the isolated nature of this mountain community, the boundaries as modified represent an efficient service delivery pattern for the range of services contemplated by the proponents and the service addition identified by staff through the absorption of CSA 56 in the reorganization process.

SERVICE AND FINANCIAL CONSIDERATIONS

For the formation of a new agency, the most crucial and critical elements for consideration are the determinations related to financial and service considerations. State law requires that the Commission's decision must include, but not be limited to, answers to the following questions:

1. Would the formation of the new district impair the ability of any other agency to continue providing services? Would there be any adverse financial or service impacts on other agencies that would damage their ability to maintain service levels in other areas?
2. Is the proposed new district financially feasible and sustainable? Can it, at least, maintain the pre-formation service levels that are currently provided within the study area?
3. Does the proposed formation represent the best available service option for the community? Are there better alternatives for the provision of the range of services within the study area? Does the proposed formation provide for a more efficient and accountable form of government?

SERVICE CONSIDERATIONS

The Feasibility Study submitted for this application identifies that the services proposed to be provided through the Wrightwood CSD include streetlighting, park and recreation, and solid waste. The first two services are currently provided within the San Bernardino County portion of the area through CSA 56 which is proposed for dissolution as a function of the reorganization. There is no serving entity on the Los Angeles County side of the proposed reorganization. The proponents have identified the delivery of solid waste services to be provided within the community through the District. In addition, LAFCO staff has identified that CSA 56 is currently authorized sewer service for planning the delivery of a wastewater

collection and treatment service in the future should portions of the community be mandated to install this utility. The following provides a discussion of these services:

1. Streetlighting:

Streetlighting is currently provided in the San Bernardino County portion of the Wrightwood community through CSA 56 which provides for payment of the energy costs for 24 streetlights at an estimated annual cost of \$3,500 (approximately \$159 per light) plus administrative charges. The lights themselves, including poles and lamps, are owned by Southern California Edison which will remain unchanged in this reorganization process. There are no streetlights within the Los Angeles County portion of the Wrightwood community affected by this action as none are owned by a public entity. As more fully detailed in the financial portion of this report, the number of streetlights within the community is unclear; the Southern California Edison bills the County Special Districts Department for 24 lights; the listing of streetlight locations provided by the Special Districts Department identifies 25 lights and the Feasibility Study identifies 23 lights. A copy of the response received from the Special Districts Department (included as Attachment #__ to this report) identifies that a survey to verify this number will not be undertaken. However, as a condition of approval, LAFCO staff has included the standard language requiring the completion of the necessary paperwork for Southern California Edison to transfer the lights, which will include a listing identifying the lights.

It is staff's understanding that the community as a whole advocates for the principals of the Night Sky ordinance which would limit the installation of new streetlights to those which are the most unobtrusive and only where a clear safety concern warrants.

2. Park and Recreation:

Park and recreation services are provided within the Wrightwood community through the operation of the community/senior center and parks under the auspices of CSA 56. The services are available to the whole of the community be they residents of Los Angeles or San Bernardino County.

Staff has identified eight parcels of land within the Wrightwood community within San Bernardino County which are owned by CSA 56 and will be transferred to the new WCSD. However, two of the parcels are adjacent to the Wrightwood elementary School which prompts the question as to whether there are existing joint-use agreements for the facilities. If there are not (no such information has been provided in response to the review of the application), the new District if formed should pursue such an arrangement. If there are, then the standard condition of approval related to contracts will transfer this to the new WCSD.

3. Solid Waste:

The proposal has identified that the provision of solid waste (refuse) is to be an active function/service of the new Wrightwood CSD. The active function would be

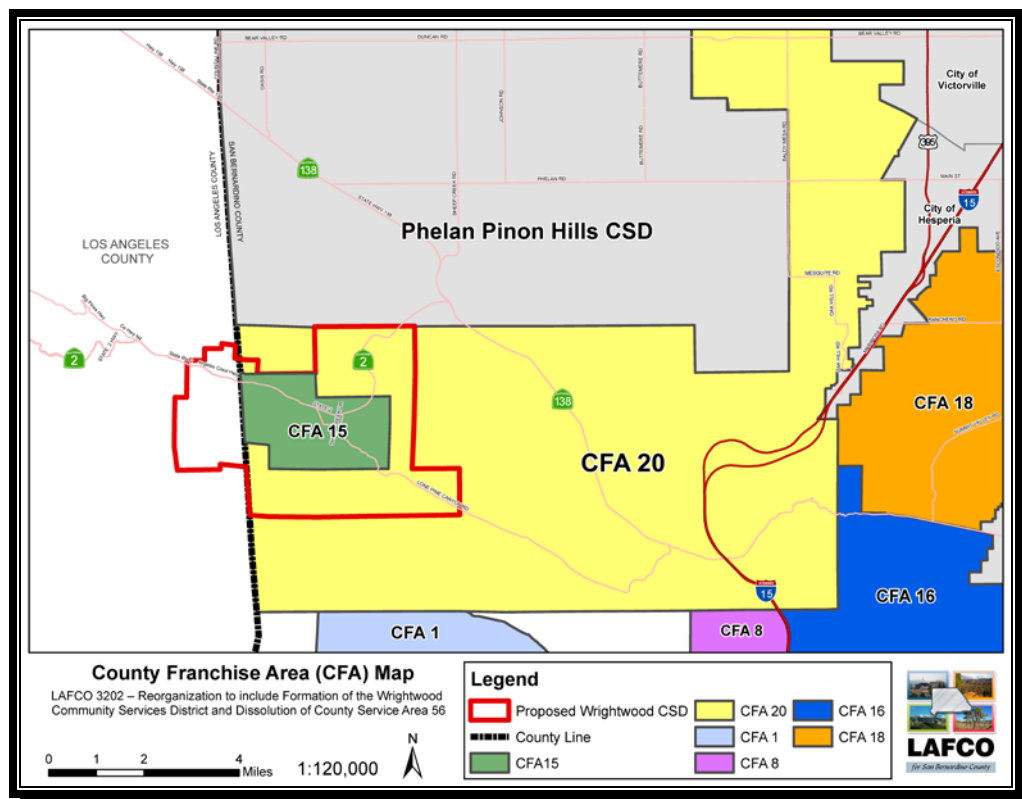
defined as solid waste and recycling. The delivery of this service illuminates the differences between San Bernardino and Los Angeles Counties and highlights the needs for a staffing pattern at the new entity which can address any concerns.

For Los Angeles County:

The response received from Los Angeles County identifies that the inclusion of residential customers under the Wrightwood CSD and its proposed franchise with CR&R does not pose an issue. This portion of the area is not within the County's residential Trash Franchise or Garbage Disposal District. However, Los Angeles County has identified that any franchise service contract proposed by Wrightwood CSD, including bin and roll-off rentals, should be non-exclusive in order to avoid conflict with the existing Los Angeles County Commercial Waste Collection Franchise.

For San Bernardino County:

The boundaries of the proposed district, as modified, includes the territory of County Franchise Area 15 (hereafter CFA 15) and portions of CFA 20; both are franchised to CR&R Waste and Recycling Services. The current contracts with CR&R are set to expire June 30, 2017 and would be renegotiated prior to the July 1, 2017 effective date of the formation of the Wrightwood CSD. The map below outlines the existing CFAs within the area.



Public Resources Code 40000 et seq provides the State's legislative intent on an integrated waste management system as a public health and safety concern and identifies that a cooperative regional approach is necessary to minimize the cost for service. Since the passage of AB 939, the State of California has shifted the responsibility for waste disposal from the haulers to the government jurisdictions. The County is responsible for the waste reduction programs implemented for the entirety of the unincorporated area of the County, including reporting and diversion programs. The Wrightwood CSD would be required to assume the following responsibilities related to solid waste collection and recycling:

- Implementation of AB 1826 mandatory commercial organics recycling which became effective January 1, 2016. This program requires that an entity conduct outreach and education to inform businesses on how to recycle organic waste, as well as conducting monitoring to identify those not in compliance. Organic waste is identified as food waste, green waste, landscape and pruning waste, nonhazardous wood waste, and food soiled paper waste mixed in with other food waste. As identified to LAFCO staff, this is a phased program beginning April 1, 2016.
- Mandatory commercial recycling (AB 341 effective January 1, 2011) requires that those businesses that generate four cubic yards or more of commercial waste per week must arrange for a recycling service. This requires an electronic reporting of a jurisdiction's activity to achieve the commercial source reduction.
- Implementation of Public Resources Code 40059 by determining "aspects of solid waste handling which are of local concern, including, but not limited to, frequency of collection, means of collection and transportation, level of services, charges and fees, and nature, location and extent of providing solid waste handling services". The existing franchise contract defines those responsibilities. However, one issue to be resolved is that the existing Franchise Agreement expires June 30, 2017, the day prior to the effective date anticipated for LAFCO 3202. The County will be negotiating the new agreement which will transfer to the new District and be required to be maintained for at least five years following the effective date. Thereafter, the District would need to make its own determinations.
- Compliance with Public Resources Code Section 41821.2. This would require compliance with the source reduction and recycling element and the household hazardous waste element of the County. The District does not currently, and is not anticipated to, include incorporated territory. The District will also be required to provide information on its programs, the amount of waste disposed and reported to the disposal tracking system of the respective County and the amount of waste diverted pursuant to the State's mandates for waste management.

The proposal identifies that the WCSD anticipates providing for these services through a part-time staff person and the General Manager. However, LAFCO staff

has learned that at least some of the Special District providers of solid waste service do not report to the County as required by State law, the entity responsible for the unincorporated reporting to the State for waste diversion. As a future discussion in the service review for solid waste service in the County as a whole, and that performed at the establishment of the sphere of influence of the District within one year, this reporting will be an aspect to be analyzed and reported to the Commission.

LAFCO staff has been provided with correspondence from CR&R Waste and Recycling Service, the current franchisee, that it has no objection to the application and the County's Solid Waste Management Division has provided no objection to the application noting that it will retain the responsibility for the area of CFA 20 outside of the Wrightwood CSD (copies of each are included as Attachment #3 to this report). The application identifies that the current franchise fee generated within District boundaries is estimated at \$61,623, primarily from San Bernardino County, but the area of Los Angeles County will be included for residential franchise as well.

Another aspect of Solid Waste and Recycling will be the transfer of the existing special tax of the County Land Use Solid Waste of \$85.14 per parcel (actual receipts would be \$84.89 [subtracting the 25 cent per parcel administrative charge]). This will include the administration of the "dump card program" and the supplemental materials submitted by the Committee which identify the desire for the WCSD to provide for a transfer station and recycling center in the future; however, no location has been identified in the community for this purpose. The issuance of the WCSD dump card program would require the completion of contracts with the County much like those implemented on behalf of the Helendale CSD and Phelan Pinon Hills CSD, and the County has provided copies of these along with its assurance that it will assist in this process (copies included as part of Attachment #6). The contract will need to be in place before the County will transfer the revenues of the special tax and will need to clearly identify whether it is for San Bernardino or Los Angeles County residents for accounting purposes.

Based upon the information provided by the Feasibility Committee, the receipt of these revenues will allow the District to fund development of programs for further source reduction and recycling efforts, including the potential for educational pursuits for the community in its efforts to reduce the waste stream going to the County landfill and necessary reporting requirements.

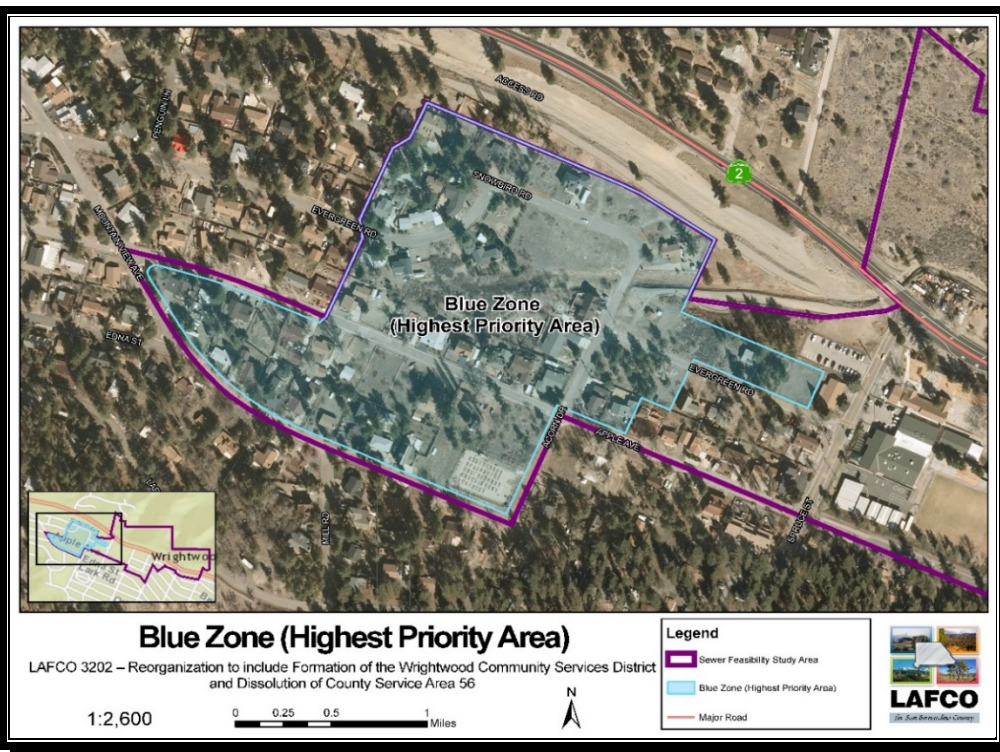
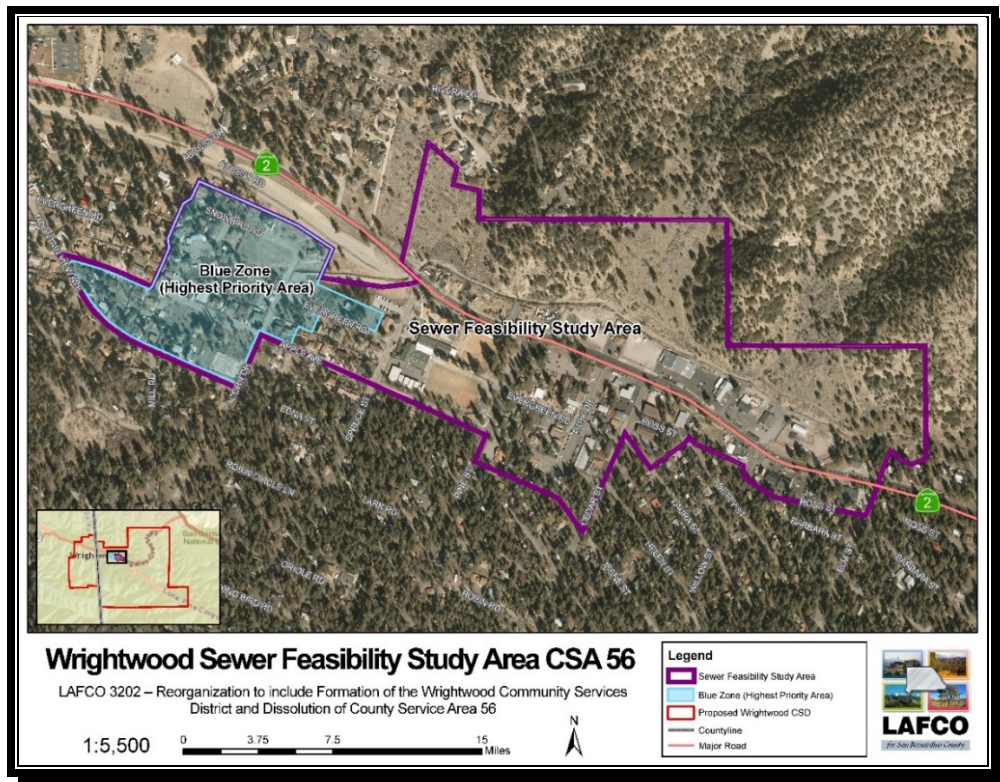
4. Wastewater:

At the outset of the review for LAFCO 3202, questions on the exclusion of wastewater from the range of services of the Wrightwood CSD were raised. The Committee has identified in its materials that the inclusion of wastewater (sewer) service would prompt a negative reaction by the electors; therefore they have limited the range of services to those of most interest to the community. The proponent, the County, has indicated that this is a question for the Commission to decide; while the

Special Districts Department has expressed its concern that the dissolution of CSA 56 will leave the area without a governance mechanism to address future decisions by the Regional Water Quality Control Board.

The intent of a Local Agency Formation Commission, as defined by the Legislature, is to define the systems for the provision of services to recognized communities based upon their needs and local resources to provide them. In looking at the question of wastewater service for the community of Wrightwood, LAFCO staff reviewed the question with both the Lahontan Regional Water Quality Control Board and the Special Districts Department. The requirement for sewerage a community is not typically espoused by a local agency, but is required to respond to health and safety concerns of a Regional Water Quality Control Board, like the requirement for sewerage Yucca Valley and the community of Yucaipa, mandates by their respective Regional Water Quality Control Boards. Staff's review of materials available online from the Lahontan Regional Water Quality Control Board (hereafter Lahontan) shows that for many years the question of on-site waste disposal (septic systems) for the densely developed downtown portion of the Wrightwood community (located in San Bernardino County) has been discussed.

- Since 1976 the Lahontan Regional Water Quality Control Board, through its Board Order No. 6-76-38 adopted on April 22, 1976, established the standards for discharge of waste through individual subsurface waste disposal systems (commonly septic tanks). CSA 56 was recognized as the entity responsible for these discharge requirements.
- In 2000 a sewerage feasibility study was done by Wilson So and Associates through the San Bernardino County Special Districts Department for CSA 56 which identified the areas of highest concern for small lots and shallow groundwater table. This was identified as the "Blue Zone" as identified in the Special Districts Department correspondence (a part of Attachment #5) and on the maps which follow:



- In 2013 Lahontan determined to rescind its Board Order No. 6-76-38 as it relates to CSA 56 as it noted that no public wastewater treatment facility was developed nor was there waste produced by CSA 56. This decision does not alleviate the Board's ongoing concerns about the community and the quality of the groundwater due to the on-site waste disposal systems. As identified in Lahontan's Executive Officer's report for September 16 – October 15, 2013, the local sewerage committee was to request that the Special District's Department take the lead on completing the sewerage option study. The Special District's Department response identifies that the mapping of the area has been done (as shown above) and that a consultant has been working on this question. The Special Districts Department has questioned what the responsible entity for continuing this study would be should LAFCO 3202 be approved and CSA 56 dissolved.

As stated at the outset of this discussion, the requirement for sewerage is not locally made, it is a requirement which may be imposed by a regional regulatory agency. In the staff view, the voice of the Wrightwood community needs to be heard on the question of the future sewerage of the area, and approval of LAFCO 3202 will replace the board-governed-entity with an independent board which should answer on behalf of the community. Therefore, LAFCO staff has proposed the expansion of the function/service to be authorized a new WCSD to include wastewater for the planning of a regional sewer entity. Should the WCSD then desire to actively provide wastewater collection and treatment service, it would be required to return to San Bernardino LAFCO for approval under the provisions outlined in Government Code Section 56824.10 et seq.

SERVICE DETERMINATIONS:

Based upon the information presented in this report, it is the staff's position that the Commission can make the following determinations:

1. In response to the question of whether the formation represents the best available service option for the community, the staff would respond in the affirmative if the issue of wastewater service is included on the basis that it provides for a single, multi-function entity to provide the services to the community rather than a continuation of a single multi-purpose entity located only in San Bernardino County. Approval of this application by the Commission, and ultimately by the electors, will provide for a locally-elected Board of Directors, with five members from the community, to determine the delivery of the services and to be able to represent the community to state agencies proposing the imposition of new services for the area.
2. The alternatives to the formation are the continuation of the status quo with the Wrightwood MAC responding on behalf of the interests of the San Bernardino County community and the Los Angeles County portion of the community without a voice on the delivery of these services. Incorporation of the area as a city is not available to the total community as a city cannot exist in two counties and the incorporation of only the San Bernardino County portion is not financially viable, in the staff's opinion. It is the staff's opinion that the creation of a single, multi-function Community Services District could assist the community, in both San Bernardino and Los Angeles Counties, in achieving local decision-making for the services the

community desires and can fund and provide for selection of the Board of Directors from candidates within the community, not just one side of the county line.

However, this is a small, isolated mountain community which poses the same questions as the Commission has fielded for the communities in the north desert – Yermo, Daggett, Newberry, and in the south desert community of Morongo Valley – regarding concerns on financial stability and governance issues. There is no mechanism to legislate good choices by a Board of Directors for the future decisions. In the staff's view, the exclusion of sewer service from the range of services to be provided by the WCSD by the community proponents does not reflect the needs of the community as outlined by information provided by and decisions made by the Lahontan Regional Water Quality Control Board for this community.

Therefore, the decision of the Commission on this determination will need to consider and reflect whether the choice is to approve LAFCO 3202 on the basis of providing for a community specific system for the delivery of service or deny the proposal on the basis the small size and isolated nature of the community does not provide for assurance on the question of financial stability for the delivery of those services.

3. It is the staff's recommendation if the Commission chooses to approve LAFCO 3202, that the authorized functions and services for the proposed Wrightwood CSD be identified as follows:
 - **Streetlighting** -- Acquire, construct, improve, maintain and operate streetlighting and landscaping on public property, public right-of-way, and public easements (§61100(g)).
 - **Park and Recreation** -- Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law (commencing with Section 5780) of the Public Resources Code (§61100f)).
 - **Solid Waste and Recycling** -- Collect, transfer, and dispose of solid waste and refuse and provide solid waste handling service, including, but not limited to, source reduction, recycling, composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.
 - **Wastewater** – Planning and engineering for the potential development of a regional wastewater treatment system should such be required by the Lahontan Regional Water Quality Control Board in the same manner as a sanitary district, formed pursuant to Sanitary District Act of 1923 Division 6 (commencing with Section 6400) of the Health and Safety Code.

FINANCIAL CONSIDERATIONS

FINANCES: Does the proposed formation represent the best available service option for the community? Is the proposed new district financially feasible and sustainable? Can it, at least, maintain the pre-formation service levels that are currently provided within the study area? Will the proposed district have a reasonable reserve for the first three years of its existence?

The County has submitted a Feasibility Study, prepared by the Wrightwood Feasibility Committee, as a part of its application and has supplemented that document with additional information, as required by LAFCO staff, during the processing of the application. The Board Agenda Item initiating the application and the Feasibility Study are included as Attachment #2 to this report and the relevant supplemental information received during the processing of the proposal is included as Attachment #2. The Commission is required to review these materials, and the LAFCO staff response to them, in order to make its determinations.

In order to evaluate the proposed change in governance structure, the Commission needs to be aware of the historic provision of service to this community. The Wrightwood community has a single direct service provider and that is only defined within the San Bernardino County portion of the proposal, CSA 56. The services funded by this agency are park and recreation and streetlighting; however, the budget and audit documents only outline the park and recreation function. Streetlights have not been identified as a revenue or expense item for this agency though it provides for the funding for electric usage of between 23 and 25 lights based upon the information provided by the County Special Districts Department. The following materials provide for an outline of the current operations for CSA 56 based upon audit information:

COUNTY SERVICE AREA 56								
	2009	2010	2011	2012	2013	2014	2015	
REVENUES								
Property Taxes	\$ 144,632	\$ 131,981	\$ 114,777	\$ 117,626	\$ 116,141	\$ 119,583	\$ 120,845	
Other Taxes	15,102	21,421	9,694	-	-	-	-	
State Assistance	2,214	52,580	1,552	1,530	1,455	1,395	1,319	
Intergovernmental	-	-	150,000	-	-	-	-	
Investment Earnings	6,140	1,684	1,699	1,079	2,522	907	407	
Service Fees	14,269	11,919	15,736	21,967	26,734	22,731	17,897	
Other	1,308	300	6,716	-	-	-	-	
Total Revenues	183,665	219,885	300,174	142,202	146,852	144,616	140,468	
EXPENDITURES								
Salaries & Benefits	82,979	80,011	96,176	72,379	61,377	57,067	62,777	
Services and Supplies	95,975	70,183	49,413	45,158	75,613	65,096	87,603	
Capital Outlay								
Land	162,000	12,750		-	-	-	-	
Improvement to Land	24,457			-	-	-	-	
Debt Service								
Principal						41,509	26,893	
Interest						491	107	
Reserves and Contingencies								
Total Expenditures	365,411	162,944	145,589	117,537	136,990	164,163	177,380	
Net Change in Fund Balance	(181,746)	56,941	154,585	24,665	9,862	(19,547)	(36,912)	
Revenues over Expenditures	(181,746)	56,941	154,585	24,665	9,862	(19,547)	(36,912)	
OTHER FINANCING SOURCES								
Transfers In								
Transfers out	-	-	(70,000)	(130,000)	(50,000)	(232,522)		
Long Term Debt Proceeds						200,000		
Total Other Financing Sources	-	-	(70,000)	(130,000)	(50,000)	(32,522)	-	
Net Change in Fund Balance	(181,746)	56,941	84,585	(105,335)	(40,138)	(52,069)	(36,912)	
Fund Balance Beginning	357,979	176,233	233,174	317,759	212,424	172,286	120,217	
Prior Period Adjustment								
Fund Balance Ending	\$ 176,233	\$ 233,174	\$ 317,759	\$ 212,424	\$ 172,286	\$ 120,217	\$ 83,305	
source: Budgetary Comparison Schedule; for years ending June 30, 2009 - 2015								

The materials identify that for the past four audit years, the annual revenues of CSA 56 (including the transfer required by approval of LAFCO 3070) are insufficient to cover its annual costs, relying upon fund balance to provide for the normal day-to-day operations. LAFCO staff reviewed the proposed budget adopted for Fiscal Year 2016-17, but it did not provide for an itemization of the revenues and expenditures for CSA 56. Those revenues and expenditures were included in the general park and recreation district operations, so it is not known if this trend continues.

Property Tax Transfer:

The first order of business in evaluating a reorganization proposal which includes a formation requires staff to provide a determination on what the general ad valorem property tax transfer would be for this proposal pursuant to the provisions of Government Code

Section 56810. As this section of law requires, LAFCO staff contacted the County Auditor/Controller-Recorder for both San Bernardino and Los Angeles Counties and requested information regarding the property tax revenues attributable to the affected agencies for the services to be transferred. The Auditors' responses indicated that for Fiscal Year 2015-16 the property tax revenue distributions for the affected agencies within LAFCO 3202 were as follows:

LOS ANGELES COUNTY:

There were no detaching agencies and no general fund support for services proposed to be assumed by the WCSD	\$0
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SAN BERNARDINO COUNTY

The proposal includes the dissolution CSA 56 and transfer of its property tax allocation	\$62,699
No general fund support for other services proposed to be assumed by the WCSD	\$0

In the case where all the services provided by the entity are to be transferred, pursuant to Government Code Section 56810(d), the Commission shall transfer the full amount of the property revenues attributable from the area, which as shown above is \$62,699. However, the budget for the proposed WCSD identified the property tax revenue attributable for the first year (Fiscal Year 2016-17) as \$119,658; the budget for Fiscal Year 2015-16 and a review of audit reports for CSA 56 show an even higher rate.

The \$56,959 difference was questioned and set in motion an in-depth review of the actions taken during the formation process for the Phelan Pinon Hills CSD (LAFCO 3070). This process included a mitigation measure providing ongoing funding for park and recreation operations in Wrightwood through a secured funding stream for CSA 56 transferred from the revenues from CSA 56 Zone F-1 which was dissolved as a function of that review. LAFCO staff had assumed this was to be made through a transfer of base year allocation, estimated at \$40,000 for Fiscal Year 2007-08. However, the additional funding became a part of the "AB8 Factor" for an annual allocation process not a part of the base year funds for CSA 56. This process is outlined by the Auditor-Controller's response included as Attachment #___. Therefore, the determination and condition of approval for of the Commission for this proposal's related property tax will include the following additional criteria:

- *The full amount of the base year allocation for value/revenue for CSA 56, increment experienced within CSA 56 boundaries, and the revenue shifts previously approved by completion of LAFCO 3070 shall be transferred to the WCSD upon its formation;*

Based upon the calculation of Auditor-Controller this amounts to \$121,014 for Fiscal Year 2014-15 even though the Audit prepared for this identified the amount as \$119,583.

PROPOSED REVENUES AND EXPENDITURES:

With this determination made, the Commission can now turn its attention to the discussion of whether or not the Wrightwood CSD is financially feasible and sustainable, and whether

or not, according to Commission policies, it can maintain pre-formation levels of service. In order to make these determinations, the Commission is required to review the feasibility study presented by the proponents, with the supplemental documentation provided at the request of LAFCO staff, against Community Service District Law requirements, Cortese-Knox-Hertzberg Local Government Reorganization Act requirements, and the policies of the Commission.

Staff has prepared a series of tables which illustrate the revenue and expenditure data evaluated in the application, the Feasibility Study revenue and expenditure information presented by the Feasibility Committee, and LAFCO staff's determinations based upon supplemental information and discussions during the processing of this proposal. The budget spreadsheet submitted by the Committee has been reproduced by LAFCO staff and is shown below:

BUDGET AS PRESENTED IN FEASIBILITY STUDY					
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
REVENUE:					
Property Tax	\$ 119,658.00	\$ 119,658.00	\$ 119,658.00	\$ 119,658.00	\$ 119,658.00
Facility Rental	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00
Solid Waste Franchise Fee	\$ 61,623.00	\$ 62,239.00	\$ 62,862.00	\$ 62,490.00	\$ 64,125.00
Special Tax for Solid Waste	\$ 224,088.00	\$ 224,088.00	\$ 224,088.00	\$ 224,088.00	\$ 224,088.00
Streetlights	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00
Transfer in from Fund Balance	\$ 35,000.00	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 465,869.00	\$ 431,485.00	\$ 432,108.00	\$ 431,736.00	\$ 433,371.00
EXPENDITURES:					
Salaries And Benefits					
General Manager/Admin	\$ 18,000.00	\$ 18,360.00	\$ 18,727.00	\$ 19,102.00	\$ 19,484.00
Park Staff	\$ 26,400.00	\$ 26,928.00	\$ 27,467.00	\$ 28,016.00	\$ 28,576.00
Solid Waste Staff	\$ 13,200.00	\$ 26,928.00	\$ 27,467.00	\$ 28,016.00	\$ 28,576.00
Total Salaries	\$ 57,600.00	\$ 72,216.00	\$ 73,661.00	\$ 75,134.00	\$ 76,636.00
Social Security Tax (Employer)	\$ -	\$ -	\$ -	\$ -	\$ -
Workers compensation	\$ -	\$ -	\$ -	\$ -	\$ -
Unemployment	\$ -	\$ -	\$ -	\$ -	\$ -
Medicare	\$ -	\$ -	\$ -	\$ -	\$ -
State Disability	\$ -	\$ -	\$ -	\$ -	\$ -
Total Salaries and Benefits	\$ 57,600.00	\$ 72,216.00	\$ 73,661.00	\$ 75,134.00	\$ 76,636.00
Services and Supplies:					
Election	\$ -	\$ -	\$ -	\$ -	\$ -
Attorney	\$ 20,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
Contract for Finance Support	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
Audit	\$ 6,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
utilities	\$ 23,000.00	\$ 24,150.00	\$ 25,358.00	\$ 26,625.00	\$ 27,957.00
Miscellaneous	\$ 5,000.00	\$ 5,250.00	\$ 5,513.00	\$ 5,788.00	\$ 6,078.00
Insurance	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00
Equipment and Supplies	\$ 30,000.00	\$ 31,500.00	\$ 33,075.00	\$ 34,729.00	\$ 36,465.00
Streetlights	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 35,000.00
Solid Waste Recycle program	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Solid Waste Disposal Fee	\$ 112,044.00	\$ 112,044.00	\$ 112,044.00	\$ 112,044.00	\$ 112,044.00
Skate Park Loan	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00	\$ -
Total Services and Supplies	\$ 252,044.00	\$ 243,944.00	\$ 246,990.00	\$ 250,186.00	\$ 258,044.00
Contingency (10% of total Expense)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 309,644.00	\$ 316,160.00	\$ 320,651.00	\$ 325,320.00	\$ 334,680.00
Beginning Reserve	\$ -	\$ 156,225.00	\$ 271,550.00	\$ 383,007.00	\$ 489,423.00
Ending General Reserve	\$ 156,225.00	\$ 271,550.00	\$ 383,007.00	\$ 489,423.00	\$ 588,114.00

At the outset, LAFCO staff had questions regarding the financial assumptions included in the Five-Year financial analysis submitted. Staff's concerns regarding the revenues detailed above are as follows:

1. The property tax revenues identified do not provide for any annual increase even though Prop 13 provides for an annual increase in valuation of up to 2%. The proponents have maintained the level shown in budget documents for 2014-15 throughout the five-year period.
2. The Feasibility Study presented to the Commission anticipates the continuation of all existing fees and charges of the dissolving CSA 56 and proposes the receipt of both franchise fees from the operations of the solid waste hauler in the area, CR&R, along with the per parcel charge within San Bernardino County for dumping at its landfills of \$85.14 per developed parcel. However, it does not clearly identify that this per parcel charge will be extended to developed residential properties on the Los Angeles County portion of the WCSD which, in turn, will also require the tracking of information related to cost and waste disposed of separately for both Counties. It is staff's understanding that as a part of the reorganization this special tax will be extended to the entirety of the District.
3. The Feasibility Study identified a separate revenue source for streetlights. However, there is no separate entity that provides this service and the revenues are a part of the general property tax levy for CSA 56. In the staff's analysis of this proposal, this revenue line item has been removed.

Staff's analysis of the proposal has identified changes to the revenue projections which are included in the revised budget spreadsheet which follows.

EXPENDITURES:

The Feasibility Study provides an outline of the services to be continued and the budget anticipates the continuation of these services at present levels. Those services are park and recreation – through the administration of a senior center and community center with parks and a skate park; streetlighting – the maintenance of the existing streetlights in the Wrightwood community within San Bernardino County transferred by this action and the future operation of streetlights required through the respective County land use process recognizing the desire of the community for application of the Night Sky initiative; and the provisions of solid waste/recycling services through a franchise with CR&R as well the future operation of a recycling center and/or transfer station. The following are the areas of concern related to the expenditure information provided:

- Under normal circumstances when considering such a formation, the Commission would transfer the employees from the predecessor agency to the new agency which would continue its operations unimpeded. However, in this case, there are only extra-help employees assigned part-time to CSA 56, the balance of the staffing structure uses a "pooled" employee resource through County Service Area 70. Correspondence from County Special Districts identifies its desire for the part-time extra help employees to be transferred to the new agency; however, the feasibility

study identifies that only one position will be assigned for the operation of the park and recreation function based upon its perspective that a single employee at 29 hours per week could provide for the services of all the part-time employees. The feasibility study identifies that it will give preference to the existing employees to fill the position within the new agency. Therefore, should this proposal be successful County Special Districts may need to reduce the number of extra-help positions that it has for park operations through the parent district.

- The number of streetlights to be transferred and the method for funding their operation has been a question during the processing of this application. As to the question of expense, the budgets for CSA 56 do not identify the streetlighting operations so no historic expense can be reviewed. However, LAFCO staff did receive a sample bill from the Special Districts Department in response to questions on the proposal which indicates that the District had a rebate from Southern California Edison from 2013 through the April 2016 billing. Based upon the monthly cost shown on the March 2016 billing, the annual expense will be approximately \$3,721. An additional question is that the Feasibility Study identifies that there are 22 lights to be transferred, the Special Districts Department identifies (through the billing from SCE) that there are 24 lights, and the spreadsheet submitted with the Special Districts Department response identifies 25 lights. Staff has included these cost revisions in its analysis of the budget for future operations of this potential. In addition, as a condition of approval, staff proposes the inclusion of the following:
 - *All streetlights currently the responsibility of County Service Area 56 shall be transferred to the Wrightwood CSD upon successful formation of the District. The County Special Districts Department shall prepare the appropriate documentation to transfer the lights; LAFCO staff shall verify the data, and forward the signed authorization form requesting Southern California Edison to transfer the specific lights to the Wrightwood CSD accounts upon successful completion of LAFCO 3202.*
- The budget as presented does not include the payment of the mandatory taxes required of any employer in the State of California, and these have been added to the staff's revision of the budget which follows.
- The Feasibility Study proposes to pay its general manager less than subordinate staff for the same hours of work. The questions on the salary of the general manager were reviewed during the initial evaluation process with members of the Committee, but the Committee's response reiterated its position as documented in the supplemental submission of documents included as a part of Attachment #2 to this report. LAFCO staff continues to disagree with this position and has applied a revision in the general manager salary to provide for the industry minimum standard of providing for a salary at 20% above subordinate staff (both subordinate positions are proposed at the same salary level). This will bring the salary of the general manager to \$31,680 (approximately \$21 per hour) in the initial year, increasing in the same proportion as subordinate staff.

- The budget as presented did not include a contingency/reserve account as required by Commission policy and state law. Staff in its review has applied a 10% reserve/contingency account.
- The budget information provided did not identify the cost for a successful election, which would be the responsibility of the CSD if successful nor did it include the payment of subsequent board of director elections. LAFCO staff requested that the Registrar of Voters for San Bernardino County provide an estimate of the cost which was provided on June 20, 2016 set at \$46,000. This has been included in the staff's analysis of the budget for this agency along with one-half this amount to provide for the election of directors every two years.
- In July 23, 2013 the County Board of Supervisors approved a County Service Area Revolving Fund Loan to CSA 56 for the construction of skate and other park improvements in Wrightwood. This outstanding loan is estimated to be \$104,519 as of June 30, 2016. The original Feasibility Study submitted by the Committee identified the request that this loan be forgiven by the County based upon the cost savings to the County Special Districts Department through the transfer of operations to WCSD. At the time, LAFCO staff identified that this would not be the case; and the supplemental information identifies the continuation of this loan but no documentation has been provided either identifying how the loan will continue nor what the existing rates or terms of the loan, other than Resolution No. 2013-159 Section 2 (a)(3) which states that interest shall accrue at the current rate received by the County on similar types of transactions at the time the disbursement of the funds (a copy of this document is included as Attachment #8). This would have been the interest rate in 2013. Therefore a condition of approval is proposed to address this issue:
 - *Upon the effective date of the reorganization to include formation, the Wrightwood Community Services District, as the successor agency for County Service Area 56, shall continue to pay the installment payments required for the County Service Area Revolving Loan Fund Loan for development of the Skate Park and other improvements pursuant to Government Code Section 56886(a). The terms of that Loan are found in Resolution No. 2013-159 adopted on July 23, 2013.*

FINAL BUDGET WITH LAFCO STAFF CHANGES:

BUDGET AS REVISED BY LAFCO STAFF					
	FY 2017-18	FY 2018-19	FY2019-20	FY2020-21	FY 2021-22
REVENUE:					
Property Tax	\$ 121,014.00	\$ 123,434.28	\$ 125,902.97	\$ 128,421.02	\$ 130,989.45
Facility Rental	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00
Solid Waste Franchise Fee	\$ 61,623.00	\$ 62,239.00	\$ 62,862.00	\$ 62,490.00	\$ 64,125.00
Special Tax for Solid Waste	\$ 224,088.00	\$ 224,088.00	\$ 224,088.00	\$ 224,088.00	\$ 224,088.00
Transfer in from Fund Balance CSA 56	\$ 35,000.00	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 463,725.00	\$ 431,761.28	\$ 434,852.97	\$ 436,999.02	\$ 441,202.45
EXPENDITURES:					
Salaries And Benefits					
General Manager/Admin	\$ 31,680.00	\$ 32,313.60	\$ 32,960.40	\$ 33,619.20	\$ 34,291.20
Park Staff	\$ 26,400.00	\$ 26,928.00	\$ 27,467.00	\$ 28,016.00	\$ 28,576.00
Solid Waste Staff	\$ 13,200.00	\$ 26,928.00	\$ 27,467.00	\$ 28,016.00	\$ 28,576.00
Total Salaries	\$ 71,280.00	\$ 86,169.60	\$ 87,894.40	\$ 89,651.20	\$ 91,443.20
Social Security Tax (Employer)	\$ 4,419.36	\$ 5,342.52	\$ 5,449.45	\$ 5,558.37	\$ 5,669.48
Workers compensation	\$ 762.70	\$ 922.01	\$ 940.47	\$ 959.27	\$ 978.44
Unemployment	\$ 2,423.52	\$ 2,929.77	\$ 2,988.41	\$ 3,048.14	\$ 3,109.07
Medicare	\$ 1,006.47	\$ 1,216.71	\$ 1,241.07	\$ 1,265.87	\$ 1,291.18
State Disability	\$ 641.52	\$ 775.53	\$ 791.05	\$ 806.86	\$ 822.99
Total Salaries and Benefits	\$ 80,533.57	\$ 97,356.14	\$ 99,304.85	\$ 101,289.72	\$ 103,314.36
Services and Supplies:					
Election	\$ 46,000.00		\$ 23,000.00		\$ 23,000.00
Attorney	\$ 20,000.00	\$ 20,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
Contract for Finance Support	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
LAFCO Apportionment	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
Audit	\$ 6,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
utilities	\$ 23,000.00	\$ 24,150.00	\$ 25,358.00	\$ 26,625.00	\$ 27,957.00
Insurance	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00
Equipment and Supplies	\$ 30,000.00	\$ 31,500.00	\$ 33,075.00	\$ 34,729.00	\$ 36,465.00
Streetlights	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00
Solid Waste Recycle program	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00
Solid Waste Disposal Fee	\$ 112,044.00	\$ 113,724.66	\$ 115,430.53	\$ 117,161.99	\$ 118,919.42
Skate Park Loan	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00	\$ -
Total Services and Supplies	\$ 296,744.00	\$ 252,074.66	\$ 271,563.53	\$ 253,215.99	\$ 254,041.42
Contingency (10% of total Expense)	\$ 37,727.76	\$ 34,943.08	\$ 37,086.84	\$ 35,450.57	\$ 35,735.58
TOTAL EXPENDITURES	\$ 415,005.33	\$ 384,373.88	\$ 407,955.22	\$ 389,956.28	\$ 393,091.35
Beginning Reserve	\$ -	\$ 48,719.67	\$ 96,107.08	\$ 123,004.82	\$ 170,047.57
Ending General Reserve	\$ 48,719.67	\$ 96,107.08	\$ 123,004.82	\$ 170,047.57	\$ 218,158.66

Calculation of Appropriation Limit:

For the formation of any new special district, the Commission is required to establish its provisional appropriation limit, also known as the Gann Limit, pursuant to requirements of the California Constitution. Government Code Section 56811 sets forth the required method to be utilized in calculating the provisional appropriation limit for the new WCSD. On June 28, 2016, Board Agenda Item 107, the San Bernardino County Board of Supervisors set the provisional appropriation limit for the County and its Board-governed special districts requiring such a determination. The appropriation limit for CSA 56 was set at \$552,129. Therefore staff's recommendation will include the following condition of approval:

- *Pursuant to the provisions of Government Code Section 56811, the provisional appropriation limit of the Wrightwood CSD shall be set at \$552,129. The permanent appropriation limit shall be established at the first district election held following the first full fiscal year of operation and shall not be considered to be a change in the appropriations of the district pursuant to Article XIII B of the California Constitution.*

Financial Effects on other Levels of Government:

As outlined at the outset of this discussion, one of the questions that the Commission is required to answer is whether or not the formation of the Wrightwood CSD would have a financial or service impact on other agencies. The operations of the County of San Bernardino Special Districts Department, for its recreation operations, will be impacted by the proposed reorganization. However, no representation from the County Special Districts Department has been provided outlining a financial effect upon its operations. There are no services directly provided by Los Angeles County that are proposed for transfer in this application; therefore there is no impact on their future operations.

FINANCIAL DETERMINATIONS:

Based upon the information and determinations outlined above, it is the staff's position that the Commission can make the following determinations:

1. The formation of the Wrightwood CSD is financially feasible and could provide for a reasonable reserve during the first three (3) years of its existence based upon the modifications in its financial feasibility study made by LAFCO staff.
2. The formation can maintain the pre-formation service levels that are currently provided within the area and provide for the long range planning necessary to provide for a higher level of service in the future as resources become available or service delivery is mandated by State agencies.
3. The implementation of the reorganization would not be adverse financially to other agencies providing services nor would it damage the ability of other agencies to provide their range of services with implementation of the conditions and

determinations outlined above for transfer of property tax revenues, etc.

4. The implementation of the reorganization would not impair any other agency currently serving within the area.

ENVIRONMENTAL CONSIDERATIONS

ENVIRONMENTAL: Will the proposed reorganization have an adverse environmental effect that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

The Commission is the lead agency for review of potential environmental consequences of the reorganization evaluated in this report. LAFCO staff has provided the Commission's Environmental Consultant, Tom Dodson and Associates, with the application materials and supplemental information provided by the project applicant and LAFCO staff. Mr. Dodson reviewed the proposal and has recommended that the reorganization is statutorily exempt from the California Environmental Quality Act (CEQA) (copy of letter included as Attachment #10).

This determination is based on the fact that the reorganization will transfer the delivery of streetlighting, park and recreation and solid waste services, and the staff's expansion to include wastewater, from one entity to another which will not result in any physical impacts on the environment. Therefore, this action is exempt as defined under Section 15061(b)(3) of the State CEQA Guidelines. It is recommended that the Commission adopt the General Rule Statutory Exemption for this proposal by taking the actions outlined in the Recommendation Section of this report.

DETERMINATIONS

The following determinations are required to be provided by Commission policy and Government Code Section 56668 for all proposals considered:

1. The Registrars of Voters have determined that the reorganization study area is legally inhabited, containing a total of 2,497 registered voters broken down by county as follows:
 - a. Los Angeles County: 114 voters as of June 17, 2016
 - b. San Bernardino County: 2,383 voters as of June 16, 2016.
2. The reorganization including formation does not conflict with the sphere of influence of any other entity within either Los Angeles or San Bernardino Counties.
3. The County Assessors have determined that the value of land and improvements within the study area is broken down as follows:
 - a. Los Angeles County total value is \$516,337,303
Land -- \$146,203,501; Improvements -- \$370,133,802

- b. San Bernardino County total value is \$513,625,252
Land -- \$145,911,207; Improvements -- \$367,714,045
4. In compliance with Commission policy and Government Code Section 56157, the Notice of Hearing for this proposal was provided by publication of an eighth-page (1/8 page) legal ad in The Mountaineer, a newspaper of general circulation in the area. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination. Opposition has been received and considered by the Commission in making its determination.
5. In compliance with the requirements of Government Code Section 56125 due to the County of San Bernardino's special tax being transferred to the WCSD from those lands within San Bernardino County and 56157, individual notice was mailed to registered voters and landowners within the reorganization area (totaling 5,641). The number is broken down as follows:
- Los Angeles County – 114 Registered Voters; 204 Landowners
San Bernardino county – 2,383 Registered Voters; 2,940 Landowners
- Comments from registered voters and landowners have been considered by the Commission in making its determination.
6. The proposed reorganization including formation does not conflict with the established County General Plans for Los Angeles and San Bernardino Counties for their respective areas and has no direct impact on such land use designations.
7. The Southern California Association of Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5. Approval of LAFCO 3202 has no direct impact on these determinations but will provide for the delivery of park and recreation services to the whole of the community which supports the Sustainable Community Strategy.
8. The Local Agency Formation Commission has determined that this proposal is statutorily exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the finding that the proposal will not change the area in which the service is provided; therefore, no physical affect upon the environment can be foreseen. The Commission certifies it has reviewed and considered the environmental recommendation and finds that a General Rule Statutory Exemption as authorized under Section 15061(b) (3) of the State CEQA Guidelines is appropriate. The Commission adopted the Statutory Exemption and directed the Executive Officer to file a Notice of Exemption within five (5) days with the San Bernardino County Clerk of the Board of Supervisors.
9. The local agencies currently serving the area are:
- County of San Bernardino (portion)

County of Los Angeles (portion)
Mojave Desert Resource Conservation District (San Bernardino County)
San Bernardino County Fire Protection District and its North Desert Service
Zone (fire protection, emergency medical response, ambulance – San
Bernardino County area)
Consolidated Fire District of Los Angeles County (fire protection, emergency
medical response for Los Angeles County area)
County Service Area 56 (streetlighting, park and recreation – San Bernardino
County portion of Wrightwood community)
County Service Area 70 (multi-function agency within San Bernardino
County)

The affected agency is CSA 56 which is to be dissolved as a function of this reorganization. The other agencies are not affected by this reorganization as they are regional in nature or identified for service to a specific area.

10. The County of San Bernardino, as the proponent for LAFCO 3202, has submitted a Feasibility Study prepared by the Feasibility Committee for a Wrightwood Community Services District, which provides a general outline of the delivery of services mandated by Government Code Section 56653 for a plan for providing services. This Plan and the Fiscal Impact Analysis indicates that the transfer of service to the Wrightwood Community Services Districts upon its formation, can, at a minimum, maintain the level of service delivery currently received by the area. The Feasibility Study, including its amendments and supplements, shows that the Community Service District has sufficient revenues to provide its active range of services (park and recreation, streetlighting, and solid waste) upon formation. In addition, the staff's modification to include wastewater as an active function would only be provided should the requirement for sewerage a portion of the community be mandated by the Lahontan Regional Water Quality Control Board. The Feasibility Study and its supplemental information have 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 Study, its supplemental data and the Fiscal Impact Analysis as revised by LAFCO staff, conform to those adopted standards and requirements.
11. The reorganization area can benefit from the availability and extension of services, as evidenced by the Feasibility Study and its supplemental data.
12. This proposal will not affect the fair share allocation of the regional housing needs assigned to either the County of Los Angeles or the County of San Bernardino through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) process.
13. With respect to environmental justice, the reorganization provides for the continuation of existing park and recreation, streetlighting and solid waste (refuse collection) services within the area as well as the ability to plan and engineer a wastewater system should the mandate for same occur. The delivery of these

services through a locally-elected special district will not result in the unfair treatment of any person based upon race, culture or income.

14. This proposal complies with Commission and State policies that indicate the preference for the creation of multi-purpose agencies to serve growing communities. This position is taken on the basis that areas proposed for formation as a community services district can be planned, funded, services extended and maintenance funding put in place for the full range of service needs as identified by the community.
15. The maps and legal descriptions, as revised are in substantial compliance with LAFCO and State standards through certification by the County Surveyor's office for San Bernardino County.

CONCLUSIONS

Through the review process for LAFCO 3202, the preparation of the staff report and its analysis of the financial implications for the creation of a new government for the Wrightwood community, staff has compiled the information and data necessary to evaluate the application. It has been acknowledged that the Wrightwood community is a growing community through the transition from part-time vacation cabins to a permanent population, one which supports the retention of its rural mountain lifestyle. There has been little opposition to the proposal as presented by the County in its application from within the community, and there is a desire from at least a portion of the community to seek local-control of their services. Approval of LAFCO 3202 by the Commission would provide for:

- A. A permanent form of government governed by the local citizenry to provide locally adequate levels of service;
- B. A mechanism to expand its service options in the future under the provisions of the Community Services District law based upon the desires of the community, the financial wherewithal of the agency, and the review and determination of LAFCO; and,
- C. A form of government which is an alternative to the formation of a new city since the area is bisected by the county line precluding any future incorporation without legislative change.

However, the staff's expansion of the proposal to include wastewater services has drawn concern from some of the landowners and/or property owners on its effects upon them. Staff has attempted to assuage those fears through the identification that this service will be limited to the planning necessary for a wastewater treatment plant and transmission lines should such be mandated by the State authority, the Lahontan Regional Water Quality Control Board and actual service provision would require further review by San Bernardino LAFCO as required by Government Code Section 56824.10 et seq. For these reasons and those identified in the reports, the proposal for formation of the Wrightwood Community Services District could be approved.

However, over the last three years, the Commission and staff have struggled with small community services districts, much like the Wrightwood CSD, which have been confronted with significant financial and governance issues based upon their small size and limited financial resources. There is no way to legislate through the Commission's approval process that a newly formed Wrightwood CSD appoint experienced staff which can chart its path for the future, or that it protect its limited resources to assure continuation of those services to be able to provide for the quality of life for this mountain community. So, staff is torn between a recommendation for approval based on: (1) staff's revisions to the application which include adding the service of wastewater to the proposed CSD's functions to address a potential future mandate to protect the community's groundwater, and (2) providing a singular voice for the community of Wrightwood by uniting both the San Bernardino County and Los Angeles County portions of the community; or a recommendation for denial based on: (1) the community has not sufficiently developed to the population size that would require self-governance, and (2) the apparent lack of desire to assume responsibility for all of the community's service needs by excluding wastewater planning and engineering which is contrary to State law's directives to local LAFCOs.

Therefore, staff cannot make a direct recommendation on this proposal, leaving that determination to the Commission after review of the report and the testimony from the community at the hearing to determine whether the proposal should be approved or denied. In response to those two options, staff is providing the actions necessary should be the Commission pursue either option with its recommendation.

RECOMMENDATION

If the Commission determines, based upon the staff report and testimony presented at the hearing, that the community of Wrightwood is not ready for self-governance of its overall service needs and that it is not of a sufficient population size to manage the services for its community, staff recommends that:

1. The Commission deny LAFCO 3202 – Reorganization to include Formation of the Wrightwood Community Services District and Dissolution of County Service Area 56 on the basis that:
 - a. The community of Wrightwood has not sufficiently developed to the population size and density necessary to require self-governance;
 - b. The Plan for Service and Feasibility Study, as modified by staff, has not shown the District's ability to manage the financial aspects of the delivery of the services identified in the application; and,
 - c. The failure to address the service needs required for the community by excluding wastewater planning and engineering when historically the problems associated with groundwater quality based upon on-site wastewater disposal systems on groundwater quality have been discussed

by the Regional Water Quality Control Board.

- d. Approval of the proposal as presented for developed portions of the community do not meet the criteria established by State law to provide for a permanent form of government to provide locally adequate services and advantageously provide for the present and future needs of the local communities; and,
2. Adopt LAFCO Resolution No. 3227 reflecting those determination and terminating proceedings.

However, if the staff report and testimony presented at the hearing leads the Commission to believe that the community is ready for self-governance for the full range of services that are necessary for its quality of life, staff would recommend that the Commission approve LAFCO 3202 by taking the following actions:

1. Modify LAFCO 3202 – Reorganization to include Formation of the Wrightwood Community Services District et al. to include the function of wastewater through the assignment of the service for planning and engineering a regional service and the expansion of the boundary to the north and east within San Bernardino County;
2. Certify that LAFCO 3202, as modified, is statutorily exempt from environmental review and direct the Executive Officer to file a Notice of Exemption within five days;
3. Approve LAFCO 3202 – Reorganization to include Formation of the Wrightwood Community Services District, et al. as modified to include the wastewater service as an active function/services for the modified area shown on the map attached to this staff report, with the following determinations:
 - a. Pursuant to the requirements of Government Code Section 61014, the Commission finds that the Wrightwood CSD has sufficient revenues to perform the services as outlined in its application for streetlights, park and recreation, and solid waste, and as modified by LAFCO, to include wastewater planning, and to provide for a reasonable reserve for the next three years.
 - b. Pursuant to requirements of Government Code Section 56301, the Commission determines that existing agencies cannot provide the range and level of services contemplated to be provided by the Wrightwood CSD in both Los Angeles and San Bernardino Counties in a more efficient and accountable manner.

And with the following terms and conditions:

Condition No. 1. The boundaries of this change of organization, as modified by the Commission, are approved as set forth in Exhibits “A”, and “A-1” attached;

Condition No. 2. The following distinctive short-form designation shall be used through this proceeding: LAFCO 3202;

Condition No. 3. The effective date of this reorganization shall be July 1, 2017;

Condition No. 4. The Wrightwood Community Services District shall be the successor agency and shall function under and carry out all authorized duties and responsibilities assigned to a community services district as outlined in Government Code Section 61000 et seq., Community Services District Law, and other applicable laws. Upon the Effective Date of this reorganization, the legal existence of County Service Area 56 shall cease to exist, except as otherwise required by law, and the Wrightwood Community Services District, as successor District, shall succeed to all the rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals of the extinguished agency;

Condition No. 5. The Board of Directors of the Wrightwood CSD shall consist of five (5) members, elected at-large, pursuant to the provisions of Government Code Section 61020;

Condition No. 6. The Wrightwood Community Services District shall be authorized to provide the following functions and services as active powers:

Streetlighting -- Acquire, construct, improve, maintain and operate streetlighting and landscaping on public property, public right-of-way, and public easements (§61100(g)).

Park and Recreation -- Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law (commencing with Section 5780) of the Public Resources Code (§61100f)).

Solid Waste and Recycling-- Collect, transfer, and dispose of solid waste and refuse and provide solid waste handling service, including, but not limited to, source reduction, recycling, composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.

Wastewater – Planning and engineering for the potential development of a regional wastewater treatment system should such be required by the Lahontan Regional Water Quality Control Board in the same manner as a sanitary district, formed pursuant to Sanitary District Act of 1923 Division 6 (commencing with Section 6400) of the Health and Safety Code.

Condition No. 7. The Wrightwood CSD, as the successor district, shall accept all system facilities transferred from the dissolving County Service Area 56 in “as is” condition without any payment or repair obligation from the assets of the dissolving

agency (Government Code Section 56886(h)). All material and incidental liabilities, including, but not limited to, accounts payables, contract obligations and customer deposits, held by the dissolving entities shall be transferred to the successor district upon the effective date of the reorganization (Government Code Section 56886(h)). All assets, including, but not limited to, cash reserves, buildings and other real property, rolling stock, tools, and office furniture, fixtures and equipment, all lands, buildings, real and personal property and appurtenances held by the dissolving entity shall be transferred to the successor district upon the effective date of the reorganization (Government Code Section 56886(h)). All quitclaim deeds to effectuate the transfer of land and/or buildings shall be prepared by the County of San Bernardino Special Districts Department to be filed upon the effective date of the change with a copy provided to LAFCO;

Condition No. 8. All property tax revenues attributable to County Service Area 56, prior to calculations required by Section 96.1 of the Revenue and Taxation Code, including delinquent taxes, and any and all other collections or assets of the District to be dissolved, shall accrue and be transferred to the successor District, the Wrightwood CSD, pursuant to the provisions of Government Code Section 56810. In providing for this calculation, the full amount of the base year allocation for value/revenue for CSA 56, increment experienced within CSA 56 boundaries, and the revenue shifts previously approved by completion of LAFCO 3070 shall be transferred to the WCSD upon its formation;

Condition No. 9. All previously authorized charges, fees, assessments, and/or taxes of County Service Area 56 in effect upon the effective date of this reorganization shall be continued and assumed by the Wrightwood CSD, as the successor agency, in the same manner as provided in the original authorization pursuant to the provisions of Government Code Section 56886(t);

Condition No. 10. Until duly revised by the Wrightwood CSD, and unless otherwise expressly provided herein or legally required, all ordinances, resolutions, rules and regulations, policies, procedures, and practices existing for CSA 56 on the effective date of this reorganization shall govern the activities and affairs of the Successor District. The Board of Directors of the Wrightwood CSD, as the successor district, shall expeditiously review and ratify the ordinances, resolutions, policies, procedures and practices adopted hereby, making such revisions as it shall deem appropriate;

Condition No. 11. Upon the effective date of this reorganization, any funds currently deposited for the benefit of County Service Area 56 which have been impressed with a public trust, use or purpose shall be transferred to the Wrightwood CSD, as the successor agency, and the successor agency shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;

Condition No. 12. Pursuant to the provisions of Government Code Section 56811, the provisional appropriation limit of the Wrightwood CSD shall be set at \$552,129. The permanent appropriation limit shall be established at the first district election held following the first full fiscal year of operation and shall not be considered to be a change in the appropriation limit of the district pursuant to Article XIIIB of the

California Constitution;

- **Condition No. 13.** All streetlights currently the responsibility of County Service Area 56 shall be transferred to the Wrightwood CSD upon successful formation of the District. The County Special Districts Department shall prepare the appropriate documentation to transfer the streetlights; LAFCO staff shall verify the data, and forward the signed authorization form requesting Southern California Edison to transfer the specific streetlights to the Wrightwood CSD accounts upon successful completion of LAFCO 3202;

Condition No. 14. Upon the effective date of the reorganization to include formation, the Wrightwood Community Services District, as the successor agency for County Service Area 56, shall continue to pay the installment payments required for the County Service Area Revolving Loan Fund Loan for development of the Skate Park and other improvements pursuant to Government Code Section 56886(a). The terms of that Loan are found in Resolution No. 2013-__ adopted on July 23, 2013;

Condition No. 15. Pursuant to the provisions of Government Code Section 56885.5(a)(4), the County Board of Supervisors, as the governing body of County Service Area 56, is prohibited from taking the following actions unless an emergency situation exists as defined in Section 54956.5:

1. Approve any increase in compensation or benefits for members of the governing body, its officers, or the executive officer of the agency;
2. Appropriating, encumbering, expending or otherwise obligating, any revenues of the agencies beyond that provided in the current budget at the time the reorganization is approved by the Commission. The Commission identifies that the budget to be utilized in this condition shall be the final budget for Fiscal Year 2016-17 adopted by the County Board of Supervisors on June 14, 2016;

Condition No.16. 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;

Condition No. 17. The County of San Bernardino, applicant, 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.

4. Adopt LAFCO Resolution No. 3227 either approving or denying LAFCO 3202 setting forth the Commissions determinations, terms, and conditions for the chosen action.

KRM/

Attachments:

- 1 -- Maps – Vicinity, Location, and Proposal Maps for the Wrightwood Community Services District
- 2 -- Resolution No. 2015-217 Initiating Proposal, Budget Prepared by LAFCO Staff; Budget Prepared by Committee, Letter from Applicant and Committee on staff proposed modifications, Application Including Feasibility Study
- 3 -- Letters from County of Los Angeles Dated May 11, 2016, March 23, 2016, March 16, 2016, March 2, 2016, and January 21, 2016 Related to Position on LAFCO 3202
- 4 -- Letter from San Bernardino County Registrar of Voters Dated June 20, 2016 Regarding Cost of Election
- 5 -- Letter Dated April 18, 2016 Regarding County of San Bernardino Special District Department Response of LAFCO 3202
6. Letter Dated April 27, 2016 Confirming Requirements for Transfer of Refuse Disposal Land Use Fee
7. Letter Dated June 13, 2016 from San Bernardino Auditor Controller Regarding Property Tax Transfer for LAFCO 3202 Pursuant to Government Code Section 56810
- 8 -- San Bernardino County Board of Supervisors Agenda Item #38 from July 23, 2013 Related to County Service Area Revolving Fund Loan
- 9 -- Letter Dated June 30, 2016 from the Lahontan Regional Water Quality Control Board and Memo to File dated June 26, 2016 Regarding Discharge Requirements for the Wrightwood community
10. Letter Dated June 19, 2016 from Tom Dodson, of Tom Dodson and Associates, Recommending Statutory Exemption for LAFCO 3202
11. Draft Resolution to Approve or Deny LAFCO 3202

**Letter from Commission's
Environmental Consultant, Tom
Dodson of Tom Dodson and
Associates dated July 9, 2018**

Attachment 4

RECEIVED
TOM DODSON & ASSOCIATES

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



2018 JUL -9 AM 10:56
LOCAL AGENCY
FORMATION COMMISSION

July 9, 2018

Mr. Samuel Martinez
Local Agency Formation Commission
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

Dear Sam:

LAFCO 3227 consists of a Sphere of Influence (SOI) Establishment for the Wrightwood Community Services District (within San Bernardino County). The District was formed without establishing its Sphere of Influence and this proposed action will provide a Sphere for the District. The proposed sphere of Influence is coterminous with the Wrightwood Community Services District's boundary in San Bernardino County, which encompasses approximately 8,801 acres. The Sphere study area is generally located east of the Los Angeles/San Bernardino County line, south of the Phelan Piñon Hills Community Services District and west and north of parcel lines.

As we have learned from previous sphere reviews, the designation of a sphere, which focuses on a planning boundary, does not by itself cause any modifications to the physical environment. Only when the subsequent step is taken to physically revise the jurisdictional boundary or range of services of a service district does a potential for physical change in the environment occur. Thus, a finding that LAFCO 3227 is Statutorily Exempt appears to be the appropriate CEQA environmental determination for this action before the Commission.

Based on this information, it appears that LAFCO 3227 can be implemented without causing any physical changes to the environment or any adverse environmental impacts. Therefore, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) under the General Rule exemption applies to LAFCO 3227 under Section 15061 (b) (3) of the State CEQA Guidelines, which states: "*A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.*" It is my opinion, and recommendation to the Commission, that this circumstance applies to LAFCO 3227. In this case, establishment of the District Sphere does not alter the existing environmental setting.

Based on this review of LAFCO 3227 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that it does not constitute a project under CEQA and adoption of the Statutory Exemption and filing of a Notice of Exemption is the most appropriate determination to comply with CEQA for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 3227 as Statutorily Exempt under the General Rule exemption from CEQA for the reasons outlined in the State CEQA Guideline sections cited above. The Commission needs to file a Notice of Exemption with the County Clerk to the Board for this action once the hearing is completed.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Dodson". The signature is written in a cursive, slightly slanted style.

Tom Dodson

/TD

**Draft LAFCO Resolution No.
3271**

Attachment 5

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
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PROPOSAL NO.: LAFCO 3227

HEARING DATE: July 18, 2018

RESOLUTION NO. 3271

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3227 AND ADOPTING THE SPHERE OF INFLUENCE DESIGNATION FOR THE WRIGHTWOOD COMMUNITY SERVICES DISTRICT, SAN BERNARDINO COUNTY PORTION (encompassing approximately 8,801 acres).

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 sphere of influence establishment in San Bernardino County was initiated by the Local Agency Formation Commission (hereinafter referred to as "the Commission") for the Wrightwood Community Services District (San Bernardino County portion) and was filed by the Executive Officer of 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 his recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, the public hearing by this Commission was called for June 18, 2018 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 opposition; the Commission considered all objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, in evidence presented at the hearing; and,

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that the sphere of influence

RESOLUTION NO. 3271

establishment is statutorily exempt from CEQA and such exemption was adopted by this Commission on July 18, 2018. The Commission directed its Executive Officer to file a Notice of Exemption within five working days with the San Bernardino County Clerk of the Board of Supervisors; and,

WHEREAS, based on presently existing evidence, facts, and circumstances presented to and considered by this Commission, it is determined that the sphere of influence for the Wrightwood Community Services District should be determined to be coterminous with that of its boundary (San Bernardino County portion), as more specifically described on the attached Exhibits “A” and “A-1” to this resolution; and,

WHEREAS, the Commission determined on April 18, 2018 to defer the required service review for the Wrightwood Community Services District pursuant to Government Code Section 56430(e) for a period of one (1) year and directed staff to return to the Commission for its consideration of the service review for the Wrightwood Community Services District in June 2019.

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

1. The present and planned land uses in the area, including agricultural and open space lands:

The land area proposed to be included in the sphere of influence of the Wrightwood CSD (San Bernardino County portion only) comprises 8,801 acres. The Wrightwood community is essentially nestled in a valley surrounded by forest lands. Within the subject territory, approximately 70 percent of the land is forest lands, 25 percent residential (both single family and multi-family) and five percent commercial. Currently, there are approximately 2,650 residential units.

Land use planning and development entitlements within the Wrightwood CSD sphere of influence area under consideration are administered through the County of San Bernardino. According to the County’s Land Use Services Department, the current County General Plan Land Use Designations for the sphere establishment area are: Special Development Residential (SD-RES), Multiple Residential (RM), Single Residential (RS), Single Residential – 10,000 sq. ft. min. (RS-10M), Service Commercial (CS), General Commercial (CG), Neighborhood Commercial (CN), Floodway (FW), and Resource Conservation (RC).

No agricultural land uses are designated within the subject sphere of influence territory.

According to the County’s Land Use Services Department, there are not any known special land use concerns within the subject area.

Because a sphere of influence is a planning tool only, no land use changes are anticipated as a result of the proposed sphere establishment.

RESOLUTION NO. 3271

2. The present and probable need for public facilities and services in the area:

Present Need

The Wrightwood CSD currently provides street lighting, park and recreation and solid waste disposal (through a contract with CR&R Waste and Recycling Services). The District has been providing these services for one year with a level determined by its finances.

The District is also authorized to provide wastewater services, but is limited to planning and engineering services only.

Probable Need

Wrightwood is located at an elevation of approximately 6,000 feet above sea level and has no municipal sewer services. As a result, all development in this area requires Onsite Wastewater Treatment Systems ("OWTS" - septic tanks, package plants). By 2020, the developed area is anticipated to increase to 68% of the total service area, with 3,024 dwelling units. By 2050, the proportion of area developed is anticipated to grow to 88%, with 3,581 dwelling units.

In response to the formation of the Wrightwood Community Services District in 2016 (LAFCO 3202), the Lahontan Water Board provided information on the community's wastewater circumstance:

These are septic tanks for solids removal followed by sub-surface disposal, typically a seepage pit. The Lahontan Water Board has long desired that some form of common sewerage be implemented in Wrightwood to deal with problems that periodically arise. Options include centralized or de-centralized sewer collection, treatment, and disposal, and OWTS maintenance.

OWTS failures have occurred in the older sections of Wrightwood with a high density of small lots. Failures have also occurred in years with elevated precipitation when shallow groundwater rises to the surface. Many underdeveloped lots do not meet the Water Board's minimum lot size for installing an OWTS.

The requirement for sewerage is not locally made - it is a requirement which may be imposed by a regional regulatory agency. The approval of LAFCO 3202 in 2017 authorized the CSD the function of wastewater (limited to planning of a regional sewer entity).

Just formed in July 2017, the Wrightwood CSD is in its infancy and continues to work through the administrative, budgetary and service challenges common of any newly formed agency. From LAFCO staff's perspective, for the CSD to take on an additional service at this time, especially one as complex and labor intensive as sewer, would be extremely challenging in the near term. However, the lack of a sanitary sewer system in Wrightwood is a core infrastructure deficiency and should remain a high level community concern.

The CSD is positioned to play a key role in coordinating with the Lahontan Board and representing the Wrightwood community on this issue. LAFCO staff encourages both parties

RESOLUTION NO. 3271

to have ongoing communication and continue to inform the Wrightwood community on important sewer and water quality related issues. Should the CSD, at some point in the future, desire to actively provide wastewater collection and treatment service, it would be required to return to San Bernardino LAFCO for approval under the provisions outlined in Government Code Section 56824.10 et seq.

Additionally, roughly two and half miles to the west of the Wrightwood CSD in Los Angeles County is the Mountain High Ski Area, which has two wastewater treatment plants. The Lahontan Regional Board identified that an additional opportunity may be for a single system to encompass the Wrightwood and Mountain High communities. From LAFCO's staff view, a single sewer collection and treatment system for the entire Wrightwood/Mountain High area has the potential to provide a long-term solution to the larger community's sewer needs. The viability of this option should be explored in any sewer planning efforts for this area.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:

The Wrightwood CSD is able to adequately provide its authorized services: street lighting, park and recreation, solid waste disposal (through a contract with CR&R Waste and Recycling Services), and planning and engineering for wastewater services. No expansion of services will result from this proposed sphere of influence establishment.

In the event the Lahontan Regional Water Quality Control Board issues an order prohibiting wastewater discharge in the area, the District (given its wastewater planning function) will be the logical entity to ultimately provide wastewater collection and treatment services. This will require the District to return to LAFCO in order to activate its collection and treatment services under its wastewater function.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:

The Wrightwood community is a small, isolated mountain community located in the Angeles National Forest. As referenced earlier in this report, the community includes territory in both San Bernardino and Los Angeles Counties. Although this report addresses the establishment of a sphere of influence for the San Bernardino County portion of the Wrightwood CSD, formation of the CSD has provided a single, unifying form of governance which considers the social and economic interests of the entire Wrightwood community.

5. Additional Determinations

- Legal notice of the Commission's consideration of the sphere establishment has been provided through publication of a 1/8th page legal advertisement in *The Mountaineer Progress*, a newspaper of general circulation in the area.
- Individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.

RESOLUTION NO. 3271

WHEREAS, pursuant to the provisions of Government Code Section 56425(i), the range of services provided by the Wrightwood Community Services District (San Bernardino County portion) shall be limited to the following:

FUNCTIONS	SERVICES
Streetlighting	Acquire, construct, improve, maintain and operate streetlighting and landscaping on public property, public right-of-way, and public easements (§61100(g))
Park and Recreation	Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law (commencing with Section 5780) of the Public Resources Code (§61100f))
Solid Waste and Recycling	Collect, transfer, and dispose of solid waste and refuse and provide solid waste handling service, including, but not limited to, source reduction, recycling, composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code (§61100c)
Wastewater	Planning and engineering for the potential development of a regional wastewater treatment system should such be required by the Lahontan Regional Water Quality Control Board in the same manner as a sanitary district, formed pursuant to Sanitary District Act of 1923 Division 6 (commencing with Section 6400) of the Health and Safety Code (§61100b)

WHEREAS, having reviewed and considered the determinations as outlined above, the Commission determines to establish the sphere of influence for the Wrightwood Community Services District as being coterminous with its boundaries (San Bernardino County portion).

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission for San Bernardino County, State of California, that this Commission shall consider the territory described in Exhibits "A" and "A-1" as being within the sphere of influence of the Wrightwood Community Services District (San Bernardino County portion), it being fully understood that the adoption of such sphere of influence is a policy declaration of this Commission based on existing facts and circumstances which, although not readily changed, may be subject to review and change in the event a future significant change of circumstances so warrants.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission for San Bernardino County by the following vote:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

RESOLUTION NO. 3271

ABSENT: COMMISSIONERS:

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

I, SAMUEL MARTINEZ, 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 18, 2018.

DATED:

SAMUEL MARTINEZ
Executive Officer

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
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DATE: JULY 11, 2018

FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Project Manager



TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #9: Continuation of LAFCO 3190 – Countywide Service Review for Wastewater (Collection, Treatment, Disposal)

RECOMMENDATION:

Staff is recommending that the Commission continue the Countywide Service Review for Wastewater (LAFCO 3190) to the August 15, 2018 hearing.

BACKGROUND:

LAFCO staff was notified that the Notice of Hearing that includes the consideration of LAFCO 3190—the Countywide Service Review for Wastewater (collection, treatment, and disposal)—was advertised in the newspaper in error. LAFCO staff is therefore continuing the item to the August 15, 2018 hearing in order to re-advertise the legal notice for LAFCO 3190.

In addition, LAFCO staff is still awaiting responses from a few agencies with regard to the service review. In order to allow for their responses to be included in the staff report, as well as provide for proper review by LAFCO staff, it would be prudent to provide additional time.


Therefore, staff recommends that the Commission continue this item to the August hearing.

SM/MT

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: JULY 11, 2018

FROM: SAMUEL MARTINEZ, Executive Officer 
MICHAEL TUERPE, Project Manager

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #10: Review and Authorize Budget Adjustments for Fiscal Year 2018-19

RECOMMENDATIONS:

Staff recommends that the Commission take the following actions:

1. Approve a transfer of \$189,244 from Account 1010 (Regular Salary) by:
 - a. Funding Account 2335 (Temporary Services) at \$15,000.
 - b. Increasing Account 2445 (Other Professional Services) by \$75,000 to \$118,561.
 - c. Account 6000 (Contingencies) by \$34,852 to \$50,000.
 - d. Account 6025 (General Reserves) by \$64,392 to \$150,000.
2. Approve the contract extension with Robert Aldrich for staffing support services for an amount not to exceed \$75,000 for FY 2018-19 and authorize the Executive Officer to sign.

BACKGROUND:

Staff presents the Commission with a staff report outlining recommended budget adjustments for FY 2018-19.

At the June hearing, the Commission approved the employment contract with Samuel Martinez for the Executive Officer position. In turn, this leaves the Assistant Executive Officer position unfilled with no plans at this time to fill the position or any other staffing changes. To utilize the FY 2018-19 budgeted amount of \$189,244 from the Assistant Executive Officer position, this staff report discusses:

- a. Decrease in Salaries and Benefits, increase in Services and Supplies, and increase in Contingency and Reserves; and
- b. Contract extension with Robert Aldrich to provide supplemental staffing.

DISCUSSION:

With the Assistant Executive Officer position being unfilled, in addition to the former Executive Officer leaving LAFCO at the end of September, additional staffing services will be needed to fulfill the Commission's mandate, adhere to its mission, and produce on-time deliverables. Significant reorganization proposals and projects are anticipated, to include:

- Formation of a community services district with dissolution of a county service area
- Annexation to a water district with dissolution of a county service area
- *Countywide Service Review for Fire Protection, Emergency Medical Services, and Ambulance*

However, this does not necessarily entail the need to hire regular staff. Rather, these staffing services can be contracted. To assist in processing proposals and provide support for the countywide service reviews, staff recommends extending the contract with Robert Aldrich for the year. The contracted amount for the services would not exceed \$75,000. A copy of the proposed contract is attached to this report.

Additionally, LAFCO is mandated by State Law to maintain its files in perpetuity, and the law includes a provision that allows for the files to be maintained in digital form. LAFCO's closed files are in digital form, but a backlog exists in scanning the recently closed files. Rather than outsource this service, staff recommends that the scanning be done at the LAFCO office by temporary services. This will provide flexibility and ensure quality of the scanning project. The project would include a not to exceed amount of \$15,000 for temporary services.

As for the remaining budgeted Assistant Executive Officer amount, staff recommends increases to the Commission's Contingency and General/Litigation Reserves, as the Commission overrode its Reserve Policy and reduced these reserves as a part of the FY 2018-19 budget:

- Increase Contingencies by \$34,852 from \$15,148¹ to \$50,000; and
- Increase General/Litigation Reserve by \$64,392 from \$85,608 to \$150,000

CONCLUSION:

Staff recommends that the Commission take the actions outlined on page 1. Particular to the contract with Robert Aldrich, authorize the Executive Officer to sign the contract once signed by Mr. Aldrich and LAFCO Legal Counsel. Staff will be happy to answer any questions of the Commission prior to or at the hearing.

SM/MT

Attachment

¹ The FY 2018-19 adopted budget has a balance of \$20,442 for Contingency Reserve. Agenda Item #4 from July 2018 includes a transfer of \$5,294 from Contingency Reserve to cover FY 2017-18 year-end deficit; this reduces the FY 2018-19 Contingency Reserve to \$15,148.

**AMENDMENT # 3
AGREEMENT FOR SERVICES
BETWEEN
LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY
AND
ROBERT ALDRICH**

Amendment #3 is made and entered into this ____ day of July, 2018 by and between the LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY (hereinafter referred to as "LAFCO"), organized and operating pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code sections 56000, et seq. and Robert Aldrich (hereinafter referred to as "Consultant").

IT IS HEREBY AGREED THAT THE FOLLOWING PROVISIONS OF THE CONTRACT FOR PROFESSIONAL SERVICES BETWEEN LAFCO AND CONSULTANT ARE AMENDED AS FOLLOWS:

...

1. Services.

Consultant shall provide LAFCO with the project management and staffing services as needed by the Commission for the processing of reorganization proposals, sphere updates, service reviews, and any additional staffing work necessary as authorized by the Executive Officer. Consultant scheduling shall be at the discretion of the Executive Officer, generally up to three days per week.

2. Compensation.

- a. The total amount paid for services rendered by Consultant pursuant to this contract shall not exceed the sum of seventy five thousand dollars (\$75,000.00) per fiscal year. The Consultant shall be paid at the rate of \$75.00 per hour for a maximum of 1,000 hours during the fiscal year. Periodic payments shall be made within 30 days of receipt of a statement for services rendered. Payments to Consultant for work performed will be made on a monthly billing basis. Additional work may be authorized, as described below, and if authorized, will be compensated at the rates and in the manner set forth in this Agreement.
- b. LAFCO shall reimburse costs advanced by Consultant on LAFCO's behalf, as well as other expenses, in addition to the amount billed for fees. These currently include, but are not limited to, actual expenses away from the LAFCO on San Bernardino LAFCO business, extraordinary photocopy charges and any costs of producing or reproducing photographs, documents and other things necessary for the preparation or presentation of LAFCO business. All costs will be itemized

on LAFCO's monthly statement. LAFCO shall not pay/reimburse mileage to Consultant in transit to the LAFCO office.

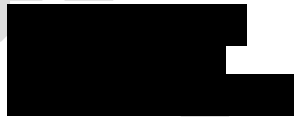
...

16. Notice.

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

LAFCO:
1170 W. 3rd Street, Unit 150
San Bernardino, CA 92415-0490
Attn: Executive Officer

Consultant:
Robert Aldrich



and shall be effective upon receipt thereof.

...

Except as amended herein, all other terms and conditions of this contract shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

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

**ROBERT ALDRICH
CONSULTANT**

BY: _____
SAMUEL MARTINEZ
Executive Officer

BY: _____
ROBERT ALDRICH

Approved as to form:

Legal Counsel
Local Agency Formation Commission
for San Bernardino County