

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE : OCTOBER 9, 2019
FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #10 – LAFCO 3234: SERVICE REVIEW FOR THE
WRIGHTWOOD COMMUNITY SERVICES DISTRICT**

RECOMMENDATIONS:

Staff recommends that the Commission take the following actions elated to LAFCO 3234:

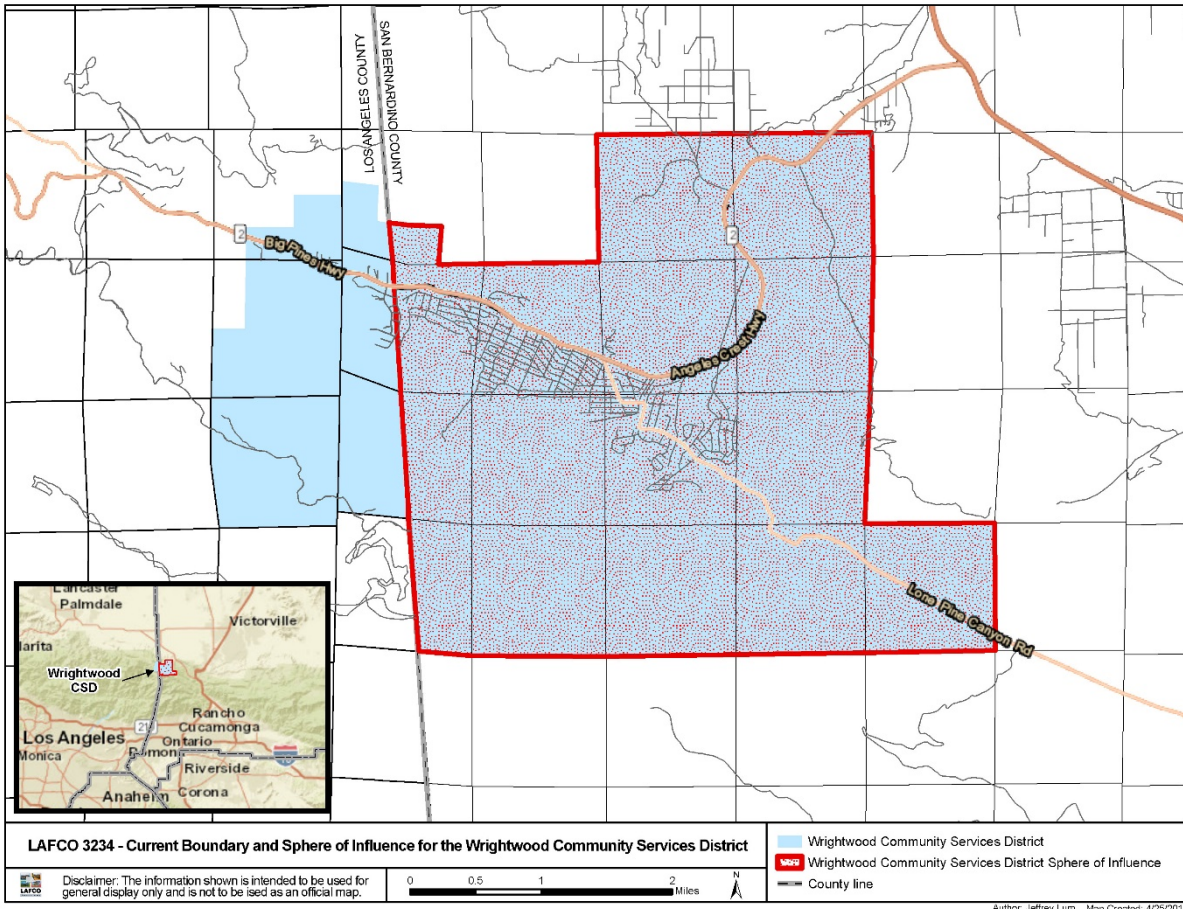
1. For environmental review, certify that the service review is statutorily exempt from environmental review, and direct the Executive Officer to file the Notice of Exemption within five (5) days.
2. Accept and file the Service Review for the Wrightwood Community Services District which sets forth the written statements for the six determinations outlined in Government Code Section 56430 made by the Commission.
3. Adopt LAFCO Resolution No. 3288 reflecting the Commission's determinations and directions as required by Government Code Section 56430 and Commission policy.

BACKGROUND:

The community of Wrightwood is a small, unincorporated mountain community located in the Swarthout Valley in the eastern San Gabriel Mountains. The community is located in both San Bernardino and Los Angeles Counties, with San Bernardino as the principal county. The community has a population of approximately 4,978 residents (2018).

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 for the Wrightwood community in both Los Angeles and San Bernardino Counties (LAFCO 3202). The Wrightwood Community Services District ("Wrightwood CSD", "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. A map of the Wrightwood CSD and its coterminous sphere of influence (within San Bernardino County) is shown below:



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

Purpose of a Service Review

A service review is a comprehensive review to inform LAFCO, local agencies, and the community about the provision of municipal services. Service reviews attempt to describe and analyze information about service providers and to identify opportunities for increased effectiveness and efficiencies of service delivery. The service review can work in conjunction with a sphere of influence determination and may also guide (not require) LAFCO to take other actions under its authority. LAFCO, local agencies and the community may then use the service review to consider potential proposals to LAFCO (i.e. annexations, consolidations).

until July 2019. In July 2018, the Commission moved forward with the establishment of a sphere for the District in advance of the service review, approving LAFCO 3227 which established a coterminous sphere of influence with the District's boundaries (*San Bernardino County portion of the District only*). A copy of the LAFCO 3227 staff report is included as Attachment 2.

Los Angeles LAFCO

As referenced above, the Wrightwood CSD includes lands within both San Bernardino and Los Angeles Counties. San Bernardino 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.

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 this service review.

Because most of the service review-related data for Wrightwood is difficult to separate out for the San Bernardino and Los Angeles County portions of the community, it was agreed that San Bernardino LAFCO would play the lead role in completing the service review for the entire Wrightwood community. Accordingly, this service review has been drafted in close coordination with Los Angeles LAFCO staff, and their input and review have been important to its completion.

LOCATION:

The community of Wrightwood is generally located east and west of the Los Angeles/San Bernardino County line. The territory is generally east of Big Pines, south of the Phelan Pinon Hills community, and west and north of parcel lines. Highway 2 traverses the community in a general east/west direction.

The Wrightwood CSD comprises a total of approximately 16.98 square miles (10,866 acres). Of this, the San Bernardino County portion includes 13.75 square miles (8,802 acres), and the Los Angeles County portion includes 3.23 square miles (2,064 acres).

SERVICE REVIEW DETERMINATIONS:

Government Code Section 56430 requires that the Commission evaluate six determinations when conducting a service review and provide a written statement for each. The following provides an analysis of each of the six determinations.

Determination I.
Growth and Population Projections for the Affected Area

Wrightwood is a small, isolated community essentially nestled in a valley surrounded by forest lands. The total land area of the Wrightwood CSD comprises approximately 17 square miles (10,886 acres).

Within the San Bernardino County portion of the community, approximately 70 percent of the land is forest lands, 25 percent residential (both single family and multi-family) and five percent commercial. Land use planning and development entitlements within the San Bernardino County portion of the community are administered through the County of San Bernardino. According to the County's Land Use Service Department, the current General Plan land use designations 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 territory is designated for agricultural land use.

Within the Los Angeles County portion of the community, approximately 61 percent of the land is forest lands, 21 percent rural residential, 17 percent rural commercial, and less than 1 percent designated for public use. Land use planning and development entitlements within the Los Angeles County portion of the community are administered through the Los Angeles County Department of Regional Planning. According to the LA County General Plan 2035, the current land use designations are: Rural Commercial (CR), National Forest (OS-NF), Public and Semi-Public (P), Rural Land 10 (RL 10), and Rural Land 20 (RL-20). No territory is designated for agricultural land use.

Population growth over the next five years is expected to be minimal. The CSD's 2018 population is estimated to be 4,978. In 2023, the CSD is projected to have a population of 5,145, an increase of 167 residents (0.66 percent) between 2018 and 2023.¹

Determination II.
The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

No disadvantaged unincorporated communities (per the definition in Government Code Section 56033.5) are located within or contiguous to the Wrightwood CSD sphere of influence. No further analysis is required.

Determination III.
Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies ...

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 two years with a level determined by its finances. The

¹ Source: U.S. Census Bureau and ESRI forecasts.

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

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 or package treatment plants). In response to the formation of the Wrightwood CSD in 2016 (LAFCO 3202), the Lahontan Water Board provided information on the community’s wastewater issues.²

These are septic tanks for solids removal followed by sub-surface disposal, typically a seepage pit.³ 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, 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.) Recently 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

² Lahontan Water Board. Jehiel Cass for Mike Plaziak. Letter dated June 30, 2016.

³ 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 and receives effluent discharge for dispersal from a septic tank or other OTWS treatment unit.

system to encompass the Wrightwood community and Mountain High Resort. From LAFCO's staff view, a single sewer collection and treatment system for the entire Wrightwood/Mountain High Resort area has the potential to provide a long-term solution to the large community's sewer needs. The viability of this option should be explored in any sewer planning efforts for this area.

Determination IV.

Financial ability of agencies to provide services

The Wrightwood CSD is a nascent agency. Therefore, historical record is not the measure of fiscal health; rather, it is that of its current financial condition. In this case, the agency's financial ability to provide services is measured as of the end of the most recent fiscal year – June 30, 2019. A copy of the audit for FY 2018-19 is included as Attachment #3.

In a one-year comparison:

- Property tax revenues increased 7.0%.
- The increase in revenues resulted in an increase in cash and investments. This, coupled with a decrease in liabilities, results in a better liquidity position.
- Cash and cash equivalents (business-type funds) increased by 55.6%.
- Fund balance for Governmental Activities (parks and streetlights) decreased from \$45,311 to \$28,158.
- Cash and cash equivalents for Enterprise Activities increased from \$136,317 to \$212,066.

This service review does issue a few notes of caution. The most recent audit shows a marked increase in salaries and benefits as well as services and supplies. Should the District grow and these expenditures increase as well, the District should ensure that sufficient, sustainable revenues are able to fund the District's activities.

Determination V.

Status of, and opportunities for, shared facilities

As noted previously, the Wrightwood community is a small, isolated community surrounded by forest lands. This community's size and location severely limit opportunities for the CSD to share facilities with other agencies.

As mentioned in Determination III, a potential opportunity exists in the future to form a single wastewater collection and treatment system to encompass the Wrightwood and Mountain High communities. This option may involve sharing treatment capacity at the two wastewater treatment plants currently serving the Mountain High ski area. The viability of this option should be explored in any future sewer planning efforts for this area.

Determination VI.
Accountability for community service needs, including governmental structure and operational efficiencies

Accountability for Community Service Needs

The Wrightwood CSD has a website that includes the names, email addresses and terms of the Board of Directors, a direct, standalone link to meeting agendas on its opening page, brief descriptions of CSD services, a calendar of community events and meetings, and Board adopted ordinances and resolutions. The website is electronically searchable. Meeting agendas are posted on the website at least 72 hours in advance of meetings. Agendas, staff reports, meeting minutes and audio recordings of Board meetings in 2019 are also available.

However, financial information (budgets, audits, and compensation) are not currently posted on the website. This information should be added to the website in the near future to increase agency transparency and accountability.

Governmental Structure and Operational Efficiencies

The Wrightwood Community Services District is governed by a five-member Board of Directors, elected at-large, by Wrightwood residents. Board members serve four-year, staggered terms. The current Board membership is shown in the table below.

Wrightwood CSD Board of Directors		
Board Member	Title	Term Expiration
Wes Zuber	President	2020
Leo Hordyk	Vice-President	2022
Chuck Franklin	Director	2020
Natalie Lopiccolo	Director	2020
Michelle Schneider	Director	2022

The Board meets the first Tuesday of every month at 6:30 p.m. in the Community Building located at 1275 Highway 2 in Wrightwood. Meeting agendas are posted at least 72 hours prior to the Board meetings in the Community Building, the Old Fire Station, the Hardware Store and on the CSD's website.

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. No additional governmental structure opportunities have been identified.

However, Wrightwood is located at an elevation of approximately 6,000 feet above sea level and has no municipal sewer services. The approval of the LAFCO 3202 in July 2017 authorized the CSD to provide wastewater services but specifically limited that service to planning and engineering services only. Should, in the future, a decision be made by the Lahontan Regional Water Quality Control Board to require municipal level sewer service in Wrightwood, the District is well positioned to play a key role in coordinating with the

Lahontan Board and representing the Wrightwood community on this issue. Should sewer service be required, the District may also be the logical long-term wastewater collection and treatment provider for the community.

REVIEW OF CONDITIONS OF APPROVAL FROM CSD FORMATION:

This service review also provides an opportunity to review key LAFCO conditions of approval applied to the Wrightwood CSD formation (LAFCO 3202):

Condition (summary)	Status
LAFCO Resolution 3227, Condition 11 (summary): Requires the Wrightwood CSD, as successor agency, to maintain any funds transferred from County Service Area 56 to the CSD for public use or purpose in separate accounts in accordance with Government Code Section 57462.	All funds from the former CSA 56 are marked for public use.
LAFCO Resolution 3227, Condition 14 (summary): Requires the Wrightwood CSD, as successor agency, to continue to pay the installment payments required for the development of the community's Skate Park and other improvements.	The CSD continues to pay the installment payments. The last payment occurs in 2020.

Additionally, due to the formation of the CSD (LAFCO 3202) the CSD was responsible for the election costs. To repay these costs, the CSD entered into an agreement with the San Bernardino County Registrar of Voters (ROV) for the repayment of costs related to services provided by the ROV to conduct the CSD's special formation election. The total costs advanced by the ROV was \$63,500. The note payable is to be repaid in six annual payments of \$10,584. There is no interest on the note payable.

ADDITIONAL DETERMINATIONS:

1. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has indicated his recommendation that LAFCO 3234 is statutorily exempt from the California Environmental Quality Act (CEQA). The recommendation is based on the finding that the service review is not judged to pose any adverse changes to the physical environment; therefore, the service review is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). A copy of Mr. Dodson's analysis is included as Attachment #4 to this report.
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.
4. The Commission will review and consider comments in making its determinations.

RECOMMENDATION:

Staff recommends that the Commission take the actions outlined on Page 1.

Attachments:

1. [Vicinity Map](#)
2. [Staff Report for LAFCO 3227 from July 2018](#)
3. [Audit for FY 2018-19](#)
4. [Environmental Recommendation from Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates](#)
5. [Draft LAFCO Resolution No. 3288](#)