

***Service Review for the  
Twentynine Palms Community***

**LAFCO 3252**



**LAFCO**

*for San Bernardino County*

**Accepted and Filed September 22, 2022**

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## Executive Summary

### City Request to LAFCO to Conduct a Service Review of the Community

In September 2021, the City Council for the City of Twentynine Palms adopted Resolution No. 20-17 requesting that LAFCO conduct a review of municipal services for the Twentynine Palms community (City, Twentynine Palms Water District, and Twentynine Palms Public Cemetery District). The stated reasoning is to, “identify potential savings of community resources with the elimination of redundant tasks and services within the Twentynine Palms Community.” The resolution further states, “a local stakeholder group will be formed to provide peer review of the service review that may identify operational and financial reasons for potential consolidation.”

Importantly, this service review does not contain LAFCO recommendations. Rather, this service review is the first study, a broad overview, meant to encourage further discussion and analysis. If an agency pursues some type of reorganization, a detailed plan for service - to include a five-year fiscal impact analysis - would be required.

### Service Review Summary of Mandatory Determinations

#### City of Twentynine Palms

Currently, the City’s position in governance, management, and operations is solid. The City’s financial position improved in spite of the pandemic, although modestly, and continues to improve.

#### Twentynine Palms Water District

Currently, the Water District is solid in all aspects: governance, management, finances, and operations. This service review does not identify any infrastructure needs or deficiencies related to water. The financial position of the Water District is solid after years of operating with expenses greater than revenues. A recently approved tiered rate increase projects necessary revenues to meet the reserve policy and fund capital improvements.

#### Twentynine Palms Public Cemetery District

Following years of financial and operations mismanagement, the Cemetery District has made significant improvement in governance and management. Currently, the Cemetery District is stable in all aspects: governance, management, finances, and operations.

### LAFCO Analysis of Methods to Gain Efficiencies

If a service is not federal or state, it is local. Local services are provided by a county, city, or a special district that is either regional or community in nature. While federal and state elections tend to garner the attention, it is local government that is closest to the citizen. Further, most services are provided by local governments. Therefore, in

aggregate, local governments spend a great deal of money. It is reasonable to ask if the public's interest would be better served by consolidation or improved coordination at the local level. In the end, is a reorganization effort clear to regular citizens that they will be better off in the new arrangement – specifically taxes, rates, and service level? Further, would there be local interest from the electorate, water rate payers, and civic leaders to consolidate?

At a basic level, there are two methods to evaluate the City's statement to "identify potential savings of community resources with the elimination of redundant tasks and services within the Twentynine Palms Community": consolidation and collaboration.

### Consolidation

Local services in the Twentynine Palms community are vertically fragmented. This means that there are overlapping local agencies providing distinct services. Vertical consolidation is between overlapping units of government, such as a city and a special district, hoping to better coordinate public services, reduce administrative costs, or enhance civic participation.

The literature indicates there are four primary reasons for consolidation<sup>1</sup>: (1) efficiencies, (2) increase accountability and civic participation, (3) to achieve local and regional goals, and (4) increase capacity to provide services. The fourth reason identified, increase capacity to provide services, does not apply to Twentynine Palms since the governmental structure is vertically fragmented (meaning they overlap and provide different services). Therefore, there is no single service capacity to increase.

There could be some cost efficiencies in duplication of administration functions such as payroll or accounting. However, if the public employees who previously provided the service are moved to new roles within the local government, rather than terminated, then the consolidation would probably not make financial sense. In the long-run, financial benefits could be realized through attrition.

Additionally, subsequent analysis would need to consider the union status of the general employees of the District (excluding the General Manager and three department heads) since City employees are not unionized, the benefit differences in retirement and social security, and the lack of representation of those residing outside the City limits. Those voters and rate payers residing outside the City would lack a vote in electing the governing body of the water department (the City Council). In the unincorporated portion of the Water District, the Water District identifies 1,477 connections as of May 13, 2022 and the Registrar of Voters identifies 703 registered voters as of May 27, 2022. Further, it would prohibit those registered voters from running for the governing body of their water service provider.

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<sup>1</sup> "Consolidation" is the merging of services, merging of tax bases, or reducing overlapping units. The definition of "consolidation" in the Local Government Reorganization Act (LAFCO Law) does not apply to this discussion.

This service review does not consider the effectiveness of the service following a reorganization. As stated throughout this review, whereas a reorganization may result in efficiencies, it may not result in more effective service.

*Based on the following scale (strong, solid, fair, and weak), the merits of consolidating either district with the City to:*

- *Gain efficiencies - fair.*
- *Increase the number of candidates for open seats – strong.*
- *Increase voter turnout – solid.*
- *Provide a single forum to address all community service issues – strong.*
- *Provide a single forum to address a potential sewer system – strong.*
- *Achieve local and regional goals – strong.*

### Collaboration

It may be that improved government processes or collaboration, rather than consolidation, may achieve efficiencies or achieve local goals. One such collaboration is sharing facilities or services in order to gain efficiencies.

In Twentynine Palms, the possible desire to develop a municipal sewer system could benefit from Water District and City collaboration. First, both agencies have financial limits as to what they can do themselves. Second, due to the obvious lack of experience in developing a sewer system by both agencies, their respective strengths and experience would benefit the community. Lastly, the project and the community would be better off if the two parties were invested in this endeavor.

*Based on the following scale (strong, solid, fair, and weak), the merits of collaborating amongst the agencies to:*

- *Gain efficiencies - fair.*
- *Achieve local and regional goals – strong.*

As stated previously, this service review does not contain LAFCO recommendations. Rather, this service review is the first study, a broad overview, meant to encourage further discussion and analysis. This review provides a framework for such discussion and analysis, to include any alternative means. If an agency pursues some type of reorganization, a detailed plan for service - to include a five-year fiscal impact analysis - would be required.

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## Introduction

### 1. Purpose of Report

In September 2021, the City Council for the City of Twentynine Palms adopted Resolution No. 20-17 requesting that LAFCO conduct a review of municipal services for the Twentynine Palms community (City, Twentynine Palms Water District, and Twentynine Palms Public Cemetery District). The stated reasoning is to, “identify potential savings of community resources with the elimination of redundant tasks and services within the Twentynine Palms Community.” The resolution further states, “a local stakeholder group will be formed to provide peer review of the service review that may identify operational and financial reasons for potential consolidation.”

In November 2021, LAFCO accepted the City’s application and initiated a service review. This service review fulfills the service review requirements as identified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et. seq.). In general, service reviews evaluate how agencies currently provide municipal services within their service area and the impacts on those services that may occur over the long-term due to population growth and other issues.

Importantly, this service review does not contain LAFCO recommendations. Rather, this service review is the first study, a broad overview, meant to encourage further discussion and analysis. If an agency pursues some type of reorganization, a detailed plan for service - to include a five-year fiscal impact analysis - would be required.

LAFCO may then use this service review as a basis to initiate agency sphere of influence updates, where warranted, to help address identified service efficiencies or deficiencies. “Sphere of Influence” means a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission (§56076). Spheres are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. The requirement for LAFCOs to conduct service reviews was established as an acknowledgement of the importance of spheres of influence, and recognition that periodic updates of agency spheres should be conducted (§56425[g]) with the benefit of current information available through service reviews (§56430[a]). Service reviews require LAFCO to prepare written statements of six determinations:

1. Growth and population projections for the affected area;
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies related to sewers, municipal and industrial water, and fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence;
4. Financial ability of agencies to provide service;
5. Status of, and opportunities for, shared services; and,
6. Accountability for community service needs, including government structure and operational efficiencies.

**2. Report Objective**

The primary objective of this service review is to provide the Commission with recommendations to: (1) update the determinations from previous service reviews; (2) initiate sphere of influence updates, if appropriate; (3) identify possible reorganization options for agencies within the Twentynine Palms community; and (4) monitor specific agencies where appropriate.

**3. Methodology**

Staff referred to a variety of sources for this report, including:

- Previous service reviews and determinations.
- LAFCO’s geographic information system (“GIS”) which was used to identify future population growth areas and disadvantaged unincorporated communities.
- Information from local agencies, including, but not limited to, budgets, audits, county local agency management plan, city general plan, and land use maps.
- LAFCO outreach to each agency with agency participation, including:
  - A working copy of the service review for review and comment;
  - Notice of the LAFCO hearing to stakeholders and interested parties which was posted on the LAFCO website;
  - LAFCO staff report, along with the first draft, which were provided to all agencies, stakeholders, and interested parties and posted on the LAFCO website.

**4. Report Organization**

The Twentynine Palms Community Service Review is organized as follows:

<b>Executive Summary</b>	Overview of the key components within the report.
<b>Introduction</b>	(This section) introduces the service review and discusses the mandatory components within a service review which are required by law
<b>Part I: Overview of Twentynine Palms Community</b>	Community location and history, organization of services, and reorganization history
<b>Part II: Possible Reorganization and Governance Options</b>	Section 1: Introduction Section 2: Consolidation Section 3: Coordination
<b>Part III: Agency Profiles and Reviews</b>	Section 1: Community-Level items Section 2: City of Twentynine Palms Section 3: Twentynine Palms Water District Section 4: Twentynine Palms Public Cemetery District
<b>Appendices</b>	A. Comments to the First Draft and LAFCO Staff Responses B. Acronyms and Definitions C. Primers



## **PART I: Overview of Twentynine Palms Community**

### **1. Community Location and History**

The Twentynine Palms Community is located at the eastern end of the Morongo Basin, approximately 90 miles east of San Bernardino and 55 miles north of Palm Springs. State Route 62 (Twentynine Palms Highway) traverses the community leading to the U.S. Marine Corps Air Ground Combat Center and one of the gateways to Joshua Tree National Park, which was designated as a national monument in 1936 and a national park in 1994.

The Twentynine Palms community is located in an area historically occupied by Native American groups referred to as the Serrano and the Chemehuevi. The Serrano occupied an area in and around the San Bernardino Mountains. Their territory extended west into the Cajon Pass, east as far as Twentynine Palms, north past Victorville, and south to the Yucaipa Valley. Their habitation sites required year-round water sources and tended to be located on the desert floor, mountain bases, and into the foothills.

The Chemehuevi arrived in the Twentynine Palms area at the Oasis of Mara around 1870. The Chemehuevi are Southern Paiutes whose territory extended off the lower Colorado toward the west. The Morongo Band of Mission Indians of the Morongo Reservation was established through presidential executive orders in 1877 and 1889.

Twentynine Palms was named for the palm trees located at the Oasis of Mara. When Colonel Henry Washington, Surveyor for the United States government land office arrived in 1855, Chemehuevi were the primary occupants of the Oasis. The gold prospectors who followed in the 1870s used the Oasis as a campsite.

Because of the area's clean dry air and elevation, Dr. James B. Luckie established a retreat for people afflicted with respiratory and heart problems in the 1920s. World War I veterans brought their families and began homesteading the 160-acre parcels made available to settlers by the federal government at no cost. It was homesteading that determined the widespread area that is Twentynine Palms today.

During World War II, the area became important to the U.S. Army and the U.S. Navy, who practiced bombing and held aviation training over the area. In 1952, the facility expanded and transitioned to a U.S. Marine Corps base, now called the U.S. Marine Corps Air Ground Combat Center, which is the largest Marine Corps base.

### **2. Organization of Local Services in Twentynine Palms**

If a service is not federal or state, it is local. Local services are provided by a county, city, or a special district that is either regional or community in nature. While federal and state elections tend to lead the headlines, it is local government that is closest to the citizen. In the Twentynine Palms community, local services are vertically fragmented. This means that there are overlapping local agencies providing distinct services.

This service review by design is a community service review, thus the agencies subject to a full review are the City of Twentynine Palms, Twentynine Palms Water District, and the Twentynine Palms Public Cemetery District.

The table below outlines the local service agencies in the community and the function(s) that each performs. The reader may notice that a sewage or wastewater collection agency is not listed in the table below. Except for the Marine Corps Base, currently there is no organized municipal sewage collection system or wastewater treatment facility within the community. On-site septic systems have been historically utilized by residences and businesses throughout the community.

**Table I-1: List of Community Agencies (Vertically Fragmented)**

City of Twentynine Palms	incorporated municipality that is responsible for all municipal services <sup>2</sup> , unless another agency provides it
Twentynine Palms Water District	retail water
Twentynine Palms Public Cemetery District	cemetery

The following is a brief description of the three agencies subject to a full review.

- City of Twentynine Palms – The City incorporated on November 23, 1987, and encompasses approximately 58 square miles (larger than the city of San Francisco). As a municipality the City is responsible for, or the default agency for, all municipal services unless that service is provided by another agency. For example, the City is not responsible for retail water or fire protection/emergency medical services/ambulance since those services are the responsibility of overlaying agencies. Hence, under its municipal powers, the City is the default agency for park and recreation, streetlighting, and other services including the provision of (potential) sewer service within its boundaries. The City is classified as a “contract city”, defined by the State of California as a city which has a contract with another agency or private organization for the provision of various governmental services.<sup>3</sup> For example, the City is responsible for law enforcement, and it chooses to contract with the County Sheriff’s Department for such services.
- Twentynine Palms Water District – The Twentynine Palms Water District formed in 1954. LAFCO authorizes the Water District the functions of Water (retail, agricultural, domestic, replenishment) and Sewer (limited to planning and engineering). The Water District is an independent special district with a five-member board and operates under County Water District Law (Division 12 of the

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<sup>2</sup> Municipal services refer to basic services that residents expect the local government to provide in exchange for the taxes paid or charges. Basic municipal services may include water, sewer, refuse, roads, library, fire protection, emergency medical, law enforcement, and transportation. Some municipal services overlap with the social services category.

For both social and municipal services, the government may provide these services directly or contract to third party. The available services for any individual government will depend on location, history, geography, statutes and tradition. Provided services vary amongst countries, states, counties, communities, and cities.

<sup>3</sup> Such cities provide many of the basic services (i.e., law enforcement, fire protection, engineering, libraries, and park) through contracts with outside entities with the contract specifying the levels of service to be provided and the financial compensation for the service. Most cities in California which incorporated after Proposition 13 did so as contract cities as a cost savings measure.

Water Code). Its boundaries encompass approximately 87 square miles, and includes incorporated and unincorporated area. The Water District’s boundaries and/or sphere of influence do not include the City portion that is within the Marine Corps Base.

- Twentynine Palms Cemetery District – In 1934, voters approved the formation of the Twentynine Palms Cemetery District to provide cemetery services to Twentynine Palms, Wonder Valley, and outlying areas. For ease of an identifiable boundary at that time, the Cemetery District formed as the same boundary as the Twentynine Palms Judicial Township. The Cemetery District is an independent special district with a five-member appointed board of trustees and operates under Public Cemetery District Law (Division 8, Part 4 of the Health and Safety Code).

There are other local agencies that provide services countywide or regionally, which the Twentynine Palms community is a part. The table below identifies these agencies, which are not reviewed in this report.

**Table I-2: List of Regional Agencies**

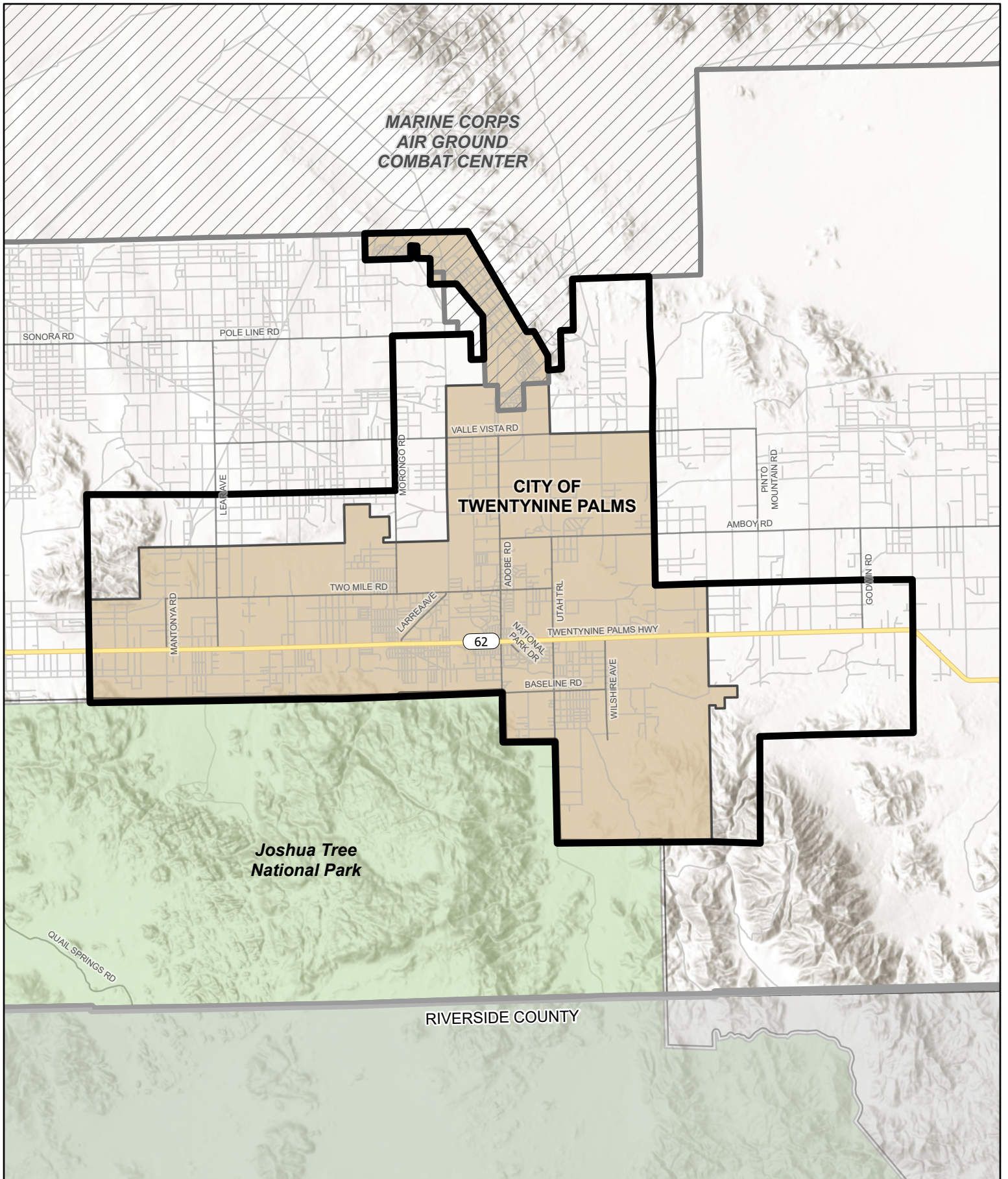
County Service Area 70 Zone TV-5	television translator (eastern portion of the Morongo Basin)
Mojave Desert Resource Conservation District	resource conservation
Morongo Basin Healthcare District	hospital and clinics
San Bernardino County	most social services <sup>4</sup> , law enforcement
San Bernardino County Fire Protection District (County Fire) and its South Desert Service Zone	fire protection, emergency medical services <sup>5</sup>
San Bernardino County Flood Control District	flood control

The following maps include the three agencies subject to a full service review: City of Twentynine Palms, Twentynine Palms Water District, and the Twentynine Palms Public Cemetery District.

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<sup>4</sup> Social Services may include healthcare, welfare, job placement, and transition assistance. Some social services overlap with the municipal services category.

<sup>5</sup> Ambulance is provided by Morongo Basin Ambulance, a non-profit.



**MARINE CORPS  
AIR GROUND  
COMBAT CENTER**

**CITY OF  
TWENTYNINE PALMS**

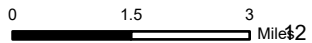
**Joshua Tree  
National Park**

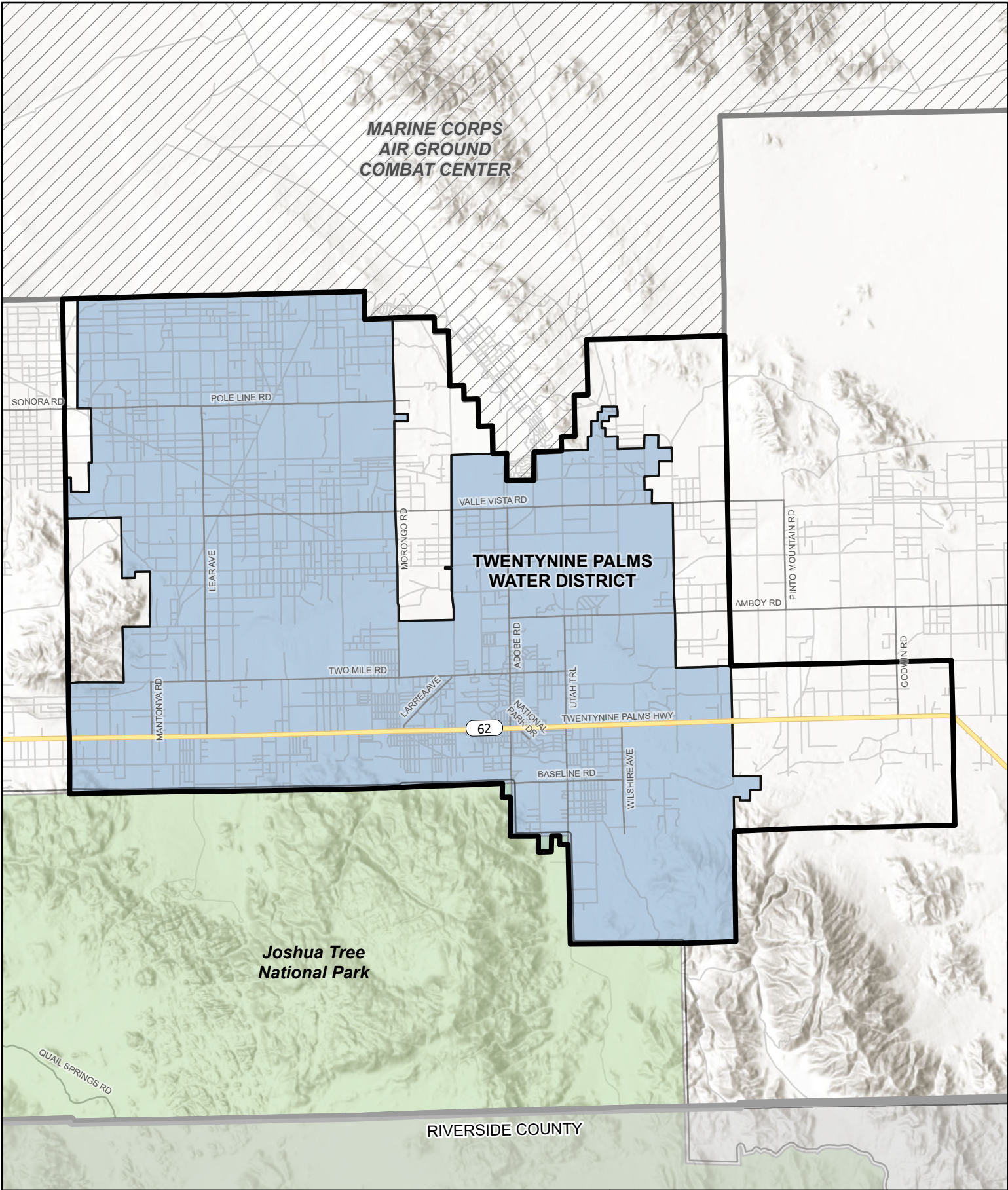
**RIVERSIDE COUNTY**

**City of Twentynine Palms Overview**

- City of Twentynine Palms
- City of Twentynine Palms Sphere of Influence
- Joshua Tree National Park
- Marine Corps Air Ground Combat Center
- County Line

**LAFCO** Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.

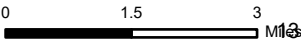


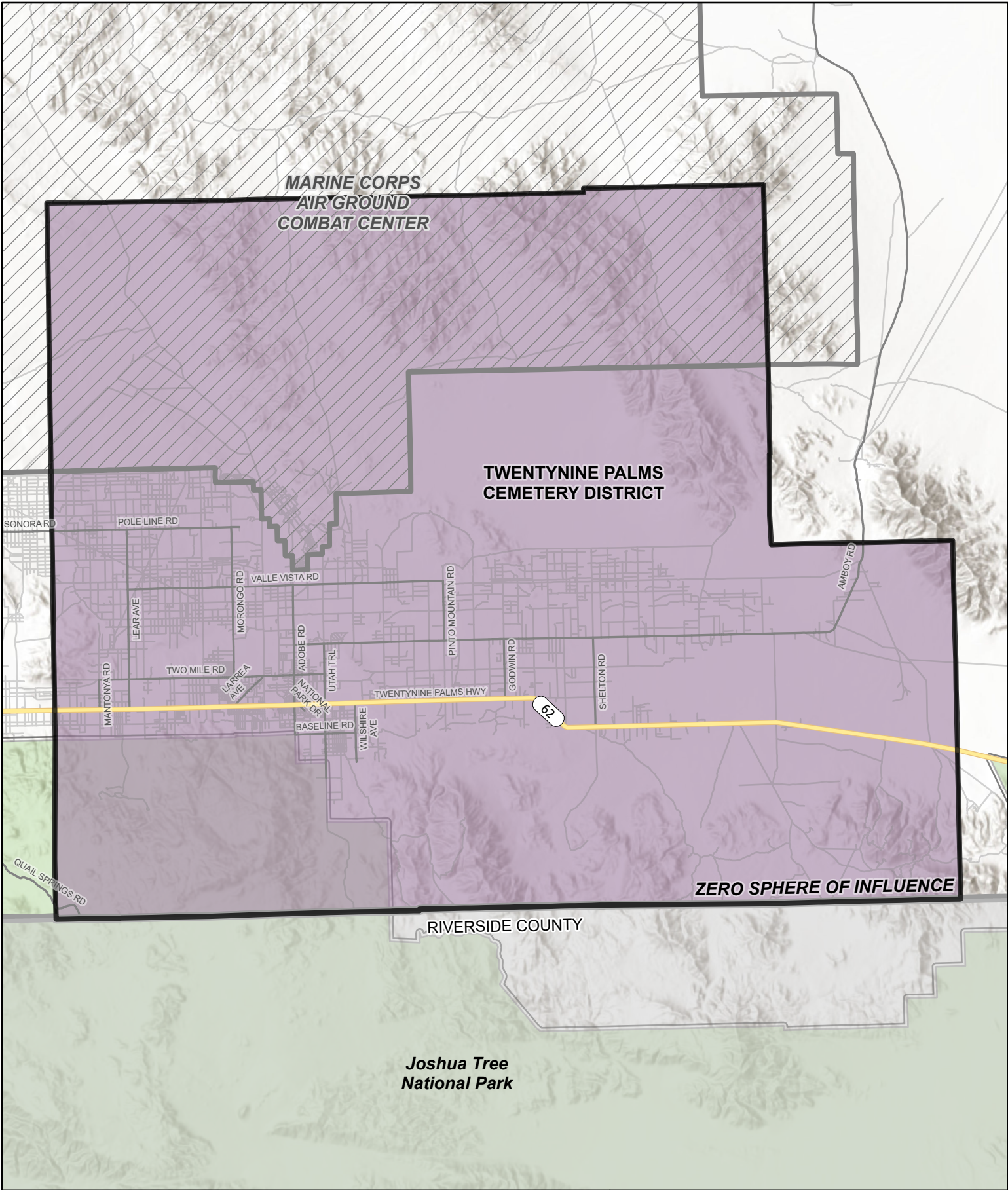


### Twentynine Palms Water District Overview

- Twentynine Palms Water District
- Twentynine Palms Water District Sphere of Influence
- Joshua Tree National Park
- Marine Corps Air Ground Combat Center
- County Line

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**MARINE CORPS  
AIR GROUND  
COMBAT CENTER**





**TWENTYNINE PALMS  
CEMETERY DISTRICT**

**ZERO SPHERE OF INFLUENCE**

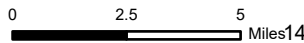
RIVERSIDE COUNTY

*Joshua Tree  
National Park*

**Twentynine Palms Cemetery District Overview**

-  Twentynine Palms Cemetery District
-  Joshua Tree National Park
-  Marine Corps Air Ground Combat Center
-  San Bernardino County

**LAFCO**  
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### 3. Reorganization History

The items below are the major events (in terms of government reorganization) for the community.

- 1934 The County Board of Supervisors and the electorate approved the formation of the Twentynine Palms Public Cemetery District as an independent special district to provide cemetery service in the Twentynine Palms, Wonder Valley, and outlying areas, utilizing the boundaries of the Twentynine Palms Judicial Township.
- 1938 The County Board of Supervisors and the electorate approved the formation of the Twentynine Palms Park and Recreation District as a board-governed special district<sup>6</sup> to provide park and recreation service in the Twentynine Palms and Wonder Valley areas.
- 1954 Prior to 1954, the Twentynine Palms area was served water by three privately owned water companies: (1) Abell Water Company, (2) Condor Mutual Water Company, and (3) Pacific Water Company. In 1954 the Twentynine Palms County Water District was formed and subsequently purchased the three water companies. Their wells, storage facilities, and piping served as the initial water system for the Water District.
- 1958 The Twentynine Palms County Water District began to provide fire protection services, under the name Twentynine Palms Fire Department, after the California Department of Forestry ceased providing local fire protection.
- 1985-87 In 1985, the Twentynine Palms Water District denied the hauling of water for uses outside of its boundaries, effective in 1989, in response to changes in the Water Code. In response to the board's action, residents and voters in the area petitioned the district for annexation in order to continue to receive hauled water. In 1986, the Water District initiated an application to expand its sphere by 75 square miles (LAFCO 2406) and annex 25 square miles within five separate areas which was commonly known as the "Lear Avenue Annexation" (LAFCO 2400). The purpose of the annexations was to plan to provide water (which an assessment district would be formed to eventually pipe water to the area) and fire protection services to the area.
- According to the staff report for this item, the vast majority of the residents of the area favored the proposal, and the majority of absentee landowners or holders of large vacant parcels opposed the proposal. In response to the opposition from absentee and vacant landowners, the district's proposed assessment district would only include the basic lands whose owners desire water improvements. The Commission approved the proposals as modified.
- 1987 Registered voters, through citizens group advocating incorporation, gathered adequate signatures and submitted a reorganization application to incorporate the City of Twentynine Palms, dissolve County Service Area 8, and detach from County Service Area 70 (LAFCO 2427). LAFCO held a community workshop on the incorporation which was attended by numerous

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<sup>6</sup> A board-governed special district is a special district that is governed by the County Board of Supervisors.

residents. The Commission approved the proposal on the basis that: 1) the area is a recognizable community; 2) the area is so far away from the seat of county government, that self-governance is warranted; 3) the boundaries adequately reflect the community; and 4) the area has the ability to provide service at a lower cost than other urban areas. Following Commission approval, the County Board of Supervisors ordered that the question for the reorganization be placed on the November election. The measure passed with 52% of the vote (980 for, 894 against). Effective November 23, 1987, Twentynine Palms became a city.

- 1992      The County Board of Supervisors, as the governing body of the Twentynine Palms Recreation and Park District, transferred jurisdictional responsibility for the District to the City Council of the City. Since virtually all of the program and budget decisions primarily affected the citizens of the city, it was recognized that those decisions could be better rendered at the local level.
- 1993      As the governing body of the Twentynine Palms Recreation and Park District, the City submitted an application to dissolve the district (LAFCO 2752). The main reason for the proposal was for the possibility for the City to receive the special district augmentation revenue that went to the district<sup>7</sup>. In addition, the City cited that economies of scope could be realized. The proposal included the transfer of property taxes from the Park District to the City for the City to provide the service. The Commission approved the proposal with the condition that the City was required to continue to provide park and recreation services for residents of the former district that did not reside within the City.
- 1999      The City initiated an application to annex the residential portion of the Marine Corps Base, along with concurrent sphere of influence expansion, comprising 3.9 miles (LAFCO 2855 and 2856). The purpose of the annexation was to increase the City's population through inclusion of military personnel residing in on-base housing, which would increase the revenues distributed to the City through various State subventions, particularly Motor Vehicle in Lieu revenues, while not incurring service or land use obligations on the military base.
- 2012      Over time, the Fire Department of the Twentynine Palms Water District evolved into a two station, fully staffed Basic Life Support ("BLS") operation providing fire, rescue and EMS functions to the citizens of the City of Twentynine Palms and surrounding communities. However, as detailed in LAFCO's 2012 Service Review conducted for the Twentynine Palms community, due to funding shortfalls and subsequent staff attrition, the foundation for Twentynine Palms fire and emergency services eroded over time.

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<sup>7</sup> Soon after passage of Proposition 13 in 1978, the state provided revenue to special districts to bail-out non-enterprise functions. In FY 1979-80 the state adopted a permanent bail-out measure which established the Special Districts Augmentation Fund. Under the law at that time, the full amount of property tax revenue of the District would transfer to the City without reference to the augmentation fund. However, in 1993 the state was considering reducing or even eliminating the augmentation fund which prompted the City need to act on the application to LAFCO.



Options were reviewed during the 2012-13 timeframe which included a discussion with the San Bernardino County Fire Protection District (County Fire) to assume fire responsibility. However, the determination was made to retain local control of the operation. On June 1, 2013, the provision of fire protection and emergency medical services was reduced from two staffed fire stations to one staffed fire station due to the lack of a sustainable revenue source for continued service provision.

2012 The Twentynine Palms Cemetery District's first service review from 2012 raised concerns regarding its fiscal health, lack of a master plan, and other financial and operational issues. Based on the reasons described in the 2012 service review, LAFCO designated a zero sphere of influence for the Cemetery District.

2015 In 2015 the Water District initiated an application to LAFCO to annex into County Fire and to divest itself of the responsibility to provide fire protection and emergency medical services. In essence, fire and emergency services would transfer from the Water District to County Fire. In February 2016, LAFCO considered and approved the proposed reorganization, and County Fire assumed fire and emergency services on July 1, 2016.

As a condition of the reorganization, the City agreed to assume the Water District's remaining fire pension obligation – at that time the assumed obligation was over \$3 million. The justification for this arrangement was that should the Water District's fire operations cease without a reorganization to County Fire, the City would be required to provide fire and emergency services to its territory by law. In short, the use of City funds to resolve this liability dilemma protected the City from being the default agency to assume fire and emergency medical services.

## **PART II: Possible Reorganization and Governance Options**

### **SECTION 1: Introduction**

In September 2021, the City of Twentynine Palms adopted a resolution requesting that LAFCO conduct a review of municipal services for the Twentynine Palms community (City of Twentynine Palms, Twentynine Palms Water District, and Twentynine Palms Public Cemetery District). The stated reasoning is to, “identify potential savings of community resources with the elimination of redundant tasks and services within the Twentynine Palms Community.” The resolution further states, “a local stakeholder group will be formed to provide peer review of the service review that may identify operational and financial reasons for potential consolidation.” That being stated, it seems fair that if local government resources are constrained, then exploring efficiencies is a reasonable inquiry.

Taking into consideration the City’s statement in its resolution, whereas the discussion of some government structure options may be theoretical, a service review should address possible options. Such options should consider:

- Improving public participation, local accountability, and governance;
- Producing efficiencies in order to reduce service costs;
- Enhancing capital improvement plans and increasing capacity; and
- Improving the quality and/or levels of service.

Evaluation of these options should weigh:

- Long-term savings of the change versus related transition costs;
- Cost-benefit of restructuring to any proposed alternative;
- Impact on operating costs (short and long-term); and
- An agency’s financial stability.

At a basic level, there are two methods to evaluate the City’s statement to “identify potential savings of community resources with the elimination of redundant tasks and services within the Twentynine Palms Community”: consolidation and collaboration. The following two sections explore these two methods.

In the end, is a reorganization effort clear to regular citizens that they will be better off in the new arrangement – specifically taxes, rates, and service level? Further, would there be local interest from the electorate, water rate payers, and civic leaders to consolidate?

According to a 2020 publication from the Governance Finance Officers Association, concessions that limit personnel and department cuts hinder the expected cost savings and efficiency gains. Thus, as with any large endeavor, the difference between success or failure is in the details. This means that even if consolidation improves the efficiency of government in the short run, efficiencies are not guaranteed in the long run.<sup>8</sup>

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<sup>8</sup> Kavanagh, Shayne and Chris Fabian. *Governing Magazine*. Improving Local Government Coordination and Reducing Waste from Local Government Fragmentation – Part 3: Government as a Platform: Plugging in the Best Service Providers”. Governance Finance Officers Association. 2020.

## **PART II: Possible Reorganization and Governance Options**

### **SECTION 2: Consolidation**

Local services in the Twentynine Palms community are vertically fragmented. This means that there are overlapping local agencies providing distinct services. Vertical consolidation is between overlapping units of government, such as a city and a special district, hoping to better coordinate public services, reduce administrative costs, or enhance civic participation. Conversely, horizontal consolidation is between adjacent units of government (two cities for example) hoping to merge services or combine resources or tax base; this does not apply to this community.

The literature indicates there are four primary reasons for consolidation<sup>9</sup>: (1) efficiencies, (2) increase accountability and civic participation, (3) to achieve local and regional goals, and (4) increase capacity to provide services. The fourth reason identified, increase capacity to provide services, does not apply to Twentynine Palms since the governmental structure is vertically fragmented (meaning they overlap and provide different services). Therefore, there is no single service capacity to increase.

Some base-level considerations should be factored into the feasibility of consolidation, such as bonded indebtedness, retirement differences, employee benefit differences, infrastructure conditions, legal issues, and more.<sup>10</sup>

#### **1. Consolidation: Efficiencies**

##### **A. Why Consolidate: Efficiencies**

Consolidation can reduce redundant tasks and positions, thereby resulting in efficiencies. Since the City does not provide water or cemetery services, there would not be significant efficiencies in water or cemetery operations. Rather, such efficiencies could be in purchasing, management, finance, technology, infrastructure, and others.

Two types of consolidation are available to the community. The first is dissolving the water and cemetery districts and making their functions a City Department. The second is retaining the Water District but establish it as a subsidiary district of the City (the Cemetery District is not eligible for subsidiary district status as it is vastly larger than the City). Both types are discussed below.

##### **B. Dissolution of the Water District and Make the Function a City Department**

The City could apply to LAFCO to dissolve the Water District and make the function a city department, for example the City of Twentynine Palms Water Department.

<sup>9</sup> "Consolidation" is the merging of services, merging of tax bases, or reducing overlapping units. The definition of "consolidation" in the Local Government Reorganization Act (LAFCO Law) does not apply to this discussion.

<sup>10</sup> Kavanagh, Shayne. *Governing Magazine*. Improving Local Government Coordination and Reducing Waste from Local Government Fragmentation – Part 1: Does Consolidating Local Governments Work?". Governance Finance Officers Association. 2020.

Efficiencies would come from the reduction of the district board of directors, legal counsel, auditor, at least one upper level management position, and human resources. Whereas the elimination of some positions would occur, the proportionate tasks would be reduced but not be eliminated. These items are addressed individually below.

- Little to No Reduction
  - Legal Counsel – Most of the District’s legal costs relate to water operations with a lesser amount for general operations.
  - Audit and Budget – Auditing standards require separate accounting by fund. The water department’s activities would need separate accounting across-the-board. Therefore, there would be little to no reduction in these costs.
  
- Reduction but not elimination
  - Finance, Human Resources, and Board Clerk – These positions could technically be eliminated but the related tasks in full most likely could not be assumed by the City’s respective staff. As a starting basis for discussion, a savings factor of 50% could be applied to the current cost for these services.
  - Board of Directors – A board of directors would be eliminated upon dissolution. However, due to the historical and technical nature of water service, an advisory council or water committee seems likely. As such, the services of these people would incur costs, but likely less than that of a full functioning district board of directors. As a starting basis for discussion, a savings factor of 50% could be applied to the current cost for these services.
  - General Manager – The General Manager of the Twentynine Palms Water District performs two functions – the head of administration and the head of operations. For administrative purposes, the City could choose not to function with a Water General Manager. Administrative functions could be assumed by the City Manager. However, the City Manager could not assume the duties as head of water operations since such duties require certifications. After reviewing the District’s documents as well as content from interviews between LAFCO staff and District management, the bulk of the General Manager’s work relates to operations and not administration. The District has confirmed that the Director of Operations position is typically vacant, supporting the staffing model where the General Manager is the lead operator. Earlier this year, even with a Director of Operations, the two supervisors (Maintenance and Production) reported to the General Manager and not the Director of Operations. Additionally, the District has not had an engineer on staff. Further, the past few general managers have all been promoted from within, thereby

promoting continuity and expertise of local operations. In essence, the General Manager of this district is the lead operator. Therefore, as a starting basis for discussion, a savings factor of 25% could be applied to the current cost for this service.

### **Items to Consider:**

First, LAFCO's preliminary calculations for this option would result in an annual savings of roughly \$200,000. Should the City desire to pursue this option, the required application to LAFCO would include a Plan for Service and Fiscal Impact Analysis detailing the reductions. Additional analysis would include addressing the union status of the general employees of the District (excluding the General Manager and three department heads) since City employees are not unionized.

Second, the District participates in Social Security as well as CalPERS. In 1986 Social Security changed to allow agencies that contract with retirement plans such as CalPERS to also participate in Social Security. The District is an agency that elected to participate, so it has both benefits. The employees pay their full share of the employee CalPERS costs and the employee Social Security costs. Elimination of Social Security and providing the other government retirement plan, CalPERS, would save an additional roughly \$100,000. Analysis of this matter is beyond the scope of this service review, and proper consideration requires detailed analysis.

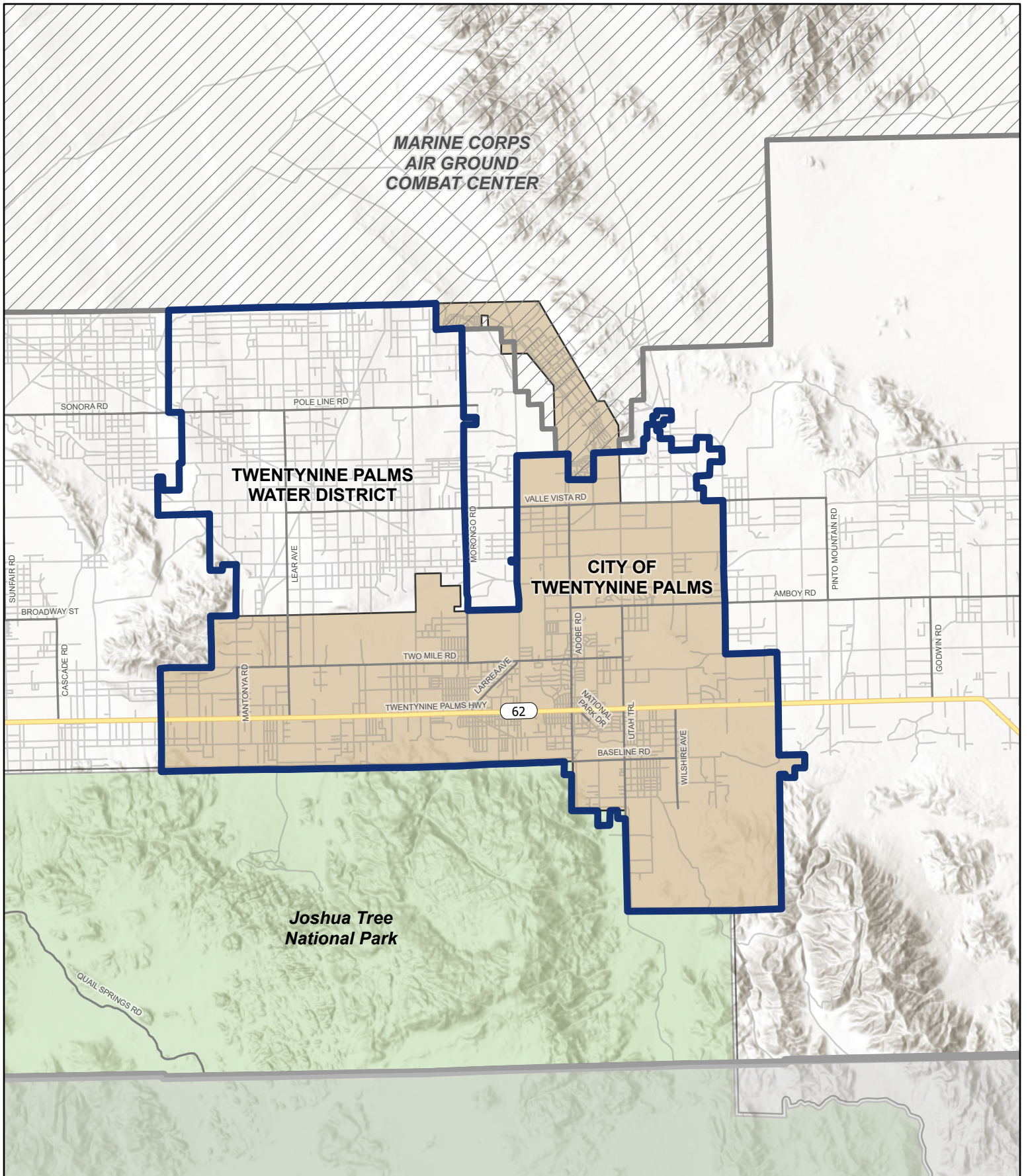
Third, one downside to dissolving the District and making its function a City Department, is that the District's territory is larger than the City's. In this case, the City would be obligated to continue service beyond its boundary - throughout the District's territory. The consequence of this option is that those voters and rate payers residing outside the City would lack a vote in electing the governing body of the water department (the City Council). In the unincorporated portion of the Water District, the Water District identifies 1,477 connections as of May 13, 2022 and the Registrar of Voters identifies 703 registered voters as of May 27, 2022. Further, it would prohibit those registered voters from running for the governing body of their water service provider.

Lastly, this service review does not consider the effectiveness of the service following a reorganization. As stated throughout this review, whereas a reorganization may result in efficiencies, it may not result in more effective service.

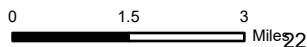
### **C. Retain the Water District but make it a Subsidiary District of the City**

A similar option would be to retain the Water District but make it a subsidiary district of the City. This means that the district transitions from an independent district to a dependent district governed by the City Council. In fact, a subsidiary district can be larger than a city. State law allows for subsidiary district status if at least 70% of the district territory and 70% of the district's registered voters are within the city limits. In the corporate world, a subsidiary company is a company owned or controlled by another company, which is called the parent company or holding company.

The following figure shows the Water District overlaid by the City.



**LAFCO** Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.



The benefits for a city to govern a subsidiary district is to control the governance and operations of the district. On the other hand, some communities form subsidiary districts or re-establish independent districts as subsidiary districts in order to gain efficiencies, while isolating the district's finances from the parent (the city). In the case of Twentynine Palms, a subsidiary Twentynine Palms Water District would be governed by the City Council (acting as the Water District board) and the lead water administrator would likely report to the City Manager. The Water District's finances would be separate from the City's and pursuant to accounting standards would require separate budgets and audits.

At this time, the Water District is not eligible for subsidiary district status. It only meets the voter requirement, but does not meet the territory requirement because 62% of the district's territory is within the city limits. In order to be eligible, the City would first have to annex an additional eight percent to reach the 70% minimum. The most likely area for annexation would be Desert Heights.

Similar cost efficiencies would occur as with the previous option (dissolution and establishing a water department). In addition, should the City annex the additional two percent, it would gain a portion of the property tax of the area in order to provide general municipal services.

#### **D. Dissolution of the Cemetery District and Make the Function a City Department**

The City could apply to LAFCO to dissolve the Cemetery District and succeed to its service responsibility, assets, and liabilities. Current law (Health and Safety Code §8125) authorizes cities to survey, lay out, and dedicate for burial purposes no more than five acres of public lands. The Cemetery District operates more than five acres. If the City were to succeed to the District's cemetery services, special legislation would need to occur, and there is statutory precedent for authorization. In 2008, AB 1932 authorized the City of Simi Valley to operate a cemetery on public lands containing five acres or more. Should the City desire to succeed to the District's services and facilities, special legislation would be required.

In addition, the Cemetery District's territory is much larger than the City. Should this option come to fruition, LAFCO staff would recommend that the Commission include a condition that the City continue to provide cemetery services for residents of the former district that do not reside within the City. Efficiencies would come from the reduction of the district board of directors, legal counsel, and auditor. Whereas the elimination of some positions would occur, the proportionate tasks would be reduced.

#### **E. Conclusion: Efficiencies**

There could be some cost efficiencies in duplication of administration functions such as payroll or accounting. However, if the public employees who previously provided the service are moved to new roles within the local government, rather than terminated, then the consolidation would probably not make financial sense.

This service review does not consider the effectiveness of the service following a reorganization. As stated throughout this review, whereas a reorganization may result in efficiencies, it may not result in more effective service.

**2. Consolidation: Increase Accountability and Civic Participation**

The occurrence of three overlapping governmental units<sup>11</sup> in a small community could result in insufficient civic participation, both for candidates running for office and electorate voting.

**A. Candidates Running for Office**

In order to run for office, one must be a registered voter. The community has pool of roughly 7,800 registered voters that are eligible for candidacy for the City, Water District, Cemetery District, Unified School District, and Community College District. Therefore, the small pool does not lend to competitive elections in this community.

Elections for representation on the City Council of the past 10 years shows competitive races in six of eight elections since 2012. Therefore, competition is not a challenge for City elections during this time span. Note that the City transitioned from at-large membership to membership by district starting with the 2018 election.

**Table II-1: City Elections since 2012, Number of Candidates**

	DISTRICT 1	DISTRICT 2	DISTRICT 3	DISTRICT 4	DISTRICT 5
<b>2020 Presidential General</b>	1	2			
<b>2018 Statewide General</b>			1	2	2
	<b>CITY WIDE, AT LARGE</b>				
<b>2016 Presidential General</b>	4	pick 2			
<b>2014 Statewide General</b>	6	pick 3			
<b>2012 Presidential General</b>	3	pick 2			

Source: San Bernardino County Registrar of Voters

Elections for representation on the Water District Board of the past 10 years shows competitive races in two of four elections since 2012. Therefore, competition is a challenge for Water District elections during this time span.

**Table II-2: Water District Elections since 2012, Number of Candidates**

Election	Candidates	Election/Appointment
<b>2019 District Mail</b>	3	Election, pick 2
<b>2017 Consolidated Mail</b>	3	appointments in lieu of election, 3 seats
<b>2015 Consolidated Mail</b>	1	appointments in lieu of election, 1 seat
<b>2013 Consolidated Mail</b>	5	Election, pick 3

Source: San Bernardino County Registrar of Voters

<sup>11</sup> The Morongo Basin Unified School District is excluded from this analysis since its jurisdiction is larger than the Twentynine Palms Community, generally encompassing the entire Morongo Basin.



By law, Cemetery District board members are appointed by the County Board of Supervisors.

**B. Interest in Appointments to the Cemetery Board**

Records show that community interest in board membership historically has been low. An option afforded in Public Cemetery District law is for the board to request through resolution that the County Board of Supervisors reduce board membership from five members to three members (Health and Safety Code §9020, §9025). In the LAFCO staff’s view, limiting membership to three members for such a large area would not promote oversight efficiencies; a full membership of five members should be sought by the District and the County Board of Supervisors to promote adequate oversight of District affairs and community participation in an important service.

Additionally, the County Board of Supervisors may appoint itself to be the board of trustees (§9026). Such an action would not require LAFCO approval as it would not be a change of organization, rather the District remains but the governing body would be different.

**C. Voter Participation**

As shown in the table below, voter turnout to City elections has been strong. Turnout was 44% and 53% during the past two Statewide General elections and over 70% in each of past three Presidential General Elections. However, turnout has been weak during mail elections for the Water District. Note that in 2015 and 2017, the Water District appointed in lieu of election due to lack of candidates.

**Table II-3: Voter Turnout since 2012**

CITY		WATER DISTRICT	
<b>2020 Presidential General</b>	76%	<b>2019 District Mail</b>	18%
<b>2018 Statewide General</b>	53%	<b>2017 Consolidated Mail</b>	--
<b>2016 Presidential General</b>	76%	<b>2015 Consolidated Mail</b>	--
<b>2014 Statewide General</b>	44%	<b>2013 Consolidated Mail</b>	25%
<b>2012 Presidential General</b>	71%		

Source: San Bernardino County Registrar of Voters

Water District Election Change

Elections Code Sections 14050 through 14057, known as the California Voter Participation Rights Act (Act), prohibits cities, school districts, and special districts from holding an election other than on a statewide election date in even-numbered years, if holding an election on a non-concurrent date has historically significantly decreased voter turnout. Significant decrease in voter turnout is defined as at least 25 percent less than the average voter turnout within the jurisdiction for the previous four statewide general elections. Local agencies must consolidate their elections with a statewide election no later than the November 8, 2022 Statewide General Election.

The Water District has held its governing body elections as mail ballot elections in August of odd-numbered years since 2009 when its voters approved the move. The Water District's most recent election was held on August 27, 2019 and voter turnout was 18.33%. The average voter turnout in statewide general elections of 2012, 2014, 2016 and 2018 was 59.40%. The Water District's voter turnout in 2019 was significantly decreased as defined in the Act. On January 5, 2021, the County Board of Supervisors approved a District request to move its election dates from mail ballot elections held in August of odd-numbered years to statewide general elections held in November of even-numbered years, commencing with the November 8, 2022 Statewide General Election. (Board Item 38).

Future discussion on efficiencies can take into consideration the voter participation from the November 8, 2022 election for the Water District.

#### **D. Conclusion: Accountability and Civic Participation**

In the Twentynine Palms community, three overlapping governmental units contributes to insufficient civic participation. Elections for representation on the City Council for the past ten years show competitive races in six of eight elections since 2012. However, competition has been a challenge for Water District elections. As for voter turnout, turnout has been strong for City elections and weak for Water District elections. With a move to Statewide General Elections for the Water District, the hope is for increased turnout as well a decrease to election costs. Number of candidates and voter participation are solely not reasons for consolation, but should be considered as a part of the overall discussion.

### **3. Consolidation: Achieve Local and Regional Goals**

#### **A. Consolidation to Provide a Single Forum**

As currently organized, community members must participate in two government forums to obtain a complete picture of water and wastewater matters. This may lend to inefficiency in messaging and planning.<sup>12</sup> For example, the public may be better able to voice concerns and receive more attention from one lead elected official (mayor) and one lead administrator (city manager).

Second, there is a lack of competition in vertical agencies, specifically when one agency is single purpose. As a result, there is lack of competition in the budget process when there is a single purpose agency. As constructed, community members must participate in two budget processes to provide their input on policy priorities and fund allocation.<sup>13</sup> Should the Water District be a part of the City as a

<sup>12</sup> Goodman, Christopher B. "Local Government Fragmentation: What Do We Know?" State and Local Government Review. 51 (2): 134–144. (2019).

<sup>13</sup> Christopher R. Berry. Imperfect Union: Representation and Taxation in Multilevel Governments. New York: Cambridge University Press. 2009.

department, then the amount of funds divided amongst all priorities and services could be debated in one forum.

## **B. Sewer System**

As stated, this community is vertically fragmented, meaning that there is little overlap in responsibility. The community is exploring the opportunity to develop a sewer collection and treatment system. Should this become an explicit goal of the community, then the city absorbing the Water District and making into a city department could provide a single voice for all water and wastewater matters. Water and wastewater are services whose planning and operations are influenced by the other. For example, groundwater is affected by waste discharge, and wastewater can be treated and put back into the ground or used for non-potable uses such as irrigation.

In 2018, LAFCO conducted a *Countywide Service Review for Wastewater*, which included the Twentynine Palms community. That service review determined that the City and the Water District are aware that the Colorado River Basin Regional Water Quality Control Board is concerned about potential contamination, and the parties are concerned that the Regional Board could issue an order for the community to immediately develop a wastewater system. Meanwhile, the neighboring Marine Base has an aging wastewater treatment facility.

The Twentynine Palms community is identified as an area that has a need and opportunity for an organized wastewater collection system, and an opportunity exists for the community to develop a joint wastewater system with the nearby Marine Corps base.

Two local agencies have the authority to plan for a future wastewater system: (1) the City of Twentynine Palms as a municipality can provide collection and/or treatment, and (2) the Twentynine Palms Water District is authorized by LAFCO the Sewer function but with services limited to Planning and Engineering.

Meanwhile, the neighboring Marine Base has an aging wastewater treatment facility located just north of Mesquite Dry Lake aboard the installation. The Base has requested military construction funding to construct a new facility near the current site. This is the highest priority construction project for the Base, however it is not currently scheduled, and it is unclear when this construction may be funded. With concurrent wastewater treatment needs for the Marine Corps base and the Twentynine Palms community, the City has presented an opportunity to develop a joint wastewater system with the Marine Corps base.

LAFCO staff understands that the Twentynine Palms Water District has participated in meetings with the City and Marine Base, but that the City is taking the lead in the feasibility study with the Marine Base. The Water District is authorized by LAFCO the Sewer function but with services limited to Planning and Engineering. Having such authorization allows the Water District to play an integral role in a potential sewer collection and treatment system and shaping the future of the overall Twentynine Palms Community.

### Benefits for a Combined Water/Sewer Agency

There are significant benefits when one agency is responsible for water and sewer services – be it a city or district. First, if one agency is responsible for sewer treatment and another is responsible for water distribution, there may be differing policies on the distribution of the treated wastewater (also known as recycled water or grey water). In many instances, the agencies have agreements on where, when, and how to distribute the treated wastewater. However, in other instances, the different governing bodies may have different philosophies and policies regarding recycled water and cannot come to an agreement. For example, who becomes the responsible agency to distribute the treated wastewater to the parks for irrigation – the water agency or the wastewater agency? Alternatively, when one agency is responsible for both sewer treatment and water distribution, the result is clear policy on recycled water. Further, a combined agency would have direct access to recycled water, thereby partially offsetting its water demands for irrigation.

Second, there is crossover in equipment and maintenance of the systems. When there are separate agencies, both agencies have separate fleets for water and sewer. When combined, certain equipment such as backhoes, trucks, and jetters can be shared for the water system and sewer system. Further, a combined crew can work on both the water system and sewer system since the core task is similar. Note that the separate certifications are required for water treatment and sewer treatment.

Third, a combined agency would benefit by providing a bundled service and billing to customers for water and sewer. A combined agency could simply charge for sewer based upon water consumption.

### **C. Conclusion: Achieve Local and Regional Goals**

Consolidation can provide for a single forum for community engagement. In some cases, this may promote more efficient messaging and planning. Should the community desire to develop a sewer collection and treatment system, the City absorbing the Water District and making into a city department could provide a single voice for all water and wastewater matters.

This service review does not consider the effectiveness of the service following a reorganization. As stated throughout this review, whereas a reorganization may result in efficiencies, it may not result in more effective service.

## **PART II: Possible Reorganization and Governance Options**

### **SECTION 3: Collaboration**

This section explores the concept of collaboration as a means to enjoy the benefits of consolidation without surrendering identity and independence. It may be that improved government processes or collaboration, rather than consolidation, may achieve efficiencies or achieve local goals. In the previous section, three reasons were discussed for consolidation: (1) efficiencies, (2) increase accountability and civic participation, and (3) achieve local and regional goals. This discussion excludes item (2) increase accountability and civic participation, as is not a significant factor for collaboration.

#### **1. Collaboration: Efficiencies**

One such collaboration is sharing facilities or services in order to gain efficiencies. Across the country, there are substantial gains available from collaboration. Since the agencies do not duplicate or overlap in services, efficiencies would be in general administration such as payroll and accounting. Further there is no unique community character associated with these services.

In this option, the agencies could share resources. For example, equipment used by both agencies, but not full time, could be shared. Of course, this is dependent upon the legal and risk management (insurance) review.

#### **2. Collaboration: Achieve Local and Regional Goals**

In working towards a goal, collaboration holds promise for addressing big social challenges that are multi-faceted like poverty, homelessness, and addiction. However, a review of the literature shows that local governments in general are starting to use collaboration to address community challenges.

Collaboration connects separate entities to pursue a shared vision and harnesses their collective resources and capital to achieve the objective. Further, this engagement makes the entities mutually accountable. For example, the County of San Bernardino created a shared vision for the entire county and enlisted organizations from many sectors in this vision, including local governments within the county.

In Twentynine Palms, the possible desire to develop a municipal sewer system could benefit from Water District and City collaboration. First, both agencies have financial limits as to what they can do themselves. Second, due to the obvious lack of experience in developing a sewer system by both agencies, their respective strengths and experience would benefit the community. Lastly, the project and the community would be better off if the two parties were invested in this endeavor.

According to the Water District, the City and Water District have a history of joint committees and collaboration. These include:

- Having a joint ad hoc committee to evaluate technical inquiries over the potential impact of septic systems on groundwater sources.
- Water District staff have participated in three previous engineering evaluations of centralized wastewater management sponsored by the City.
- Pursuing state grants related to wastewater study and water services.

## **PART III: Agency Profiles and Reviews**

### **SECTION 1: Community-Level Review Items**

Due to the overlay of the City, Water District, and Cemetery District, three of the mandatory determinations for a service review can be reviewed at the community level, and not duplicated for each agency. These determinations are:

1. Growth and population projections for the affected area
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence
3. Infrastructure needs or deficiencies related to sewers, municipal and industrial water, and fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence

#### **1. Growth and population projections for the affected area**

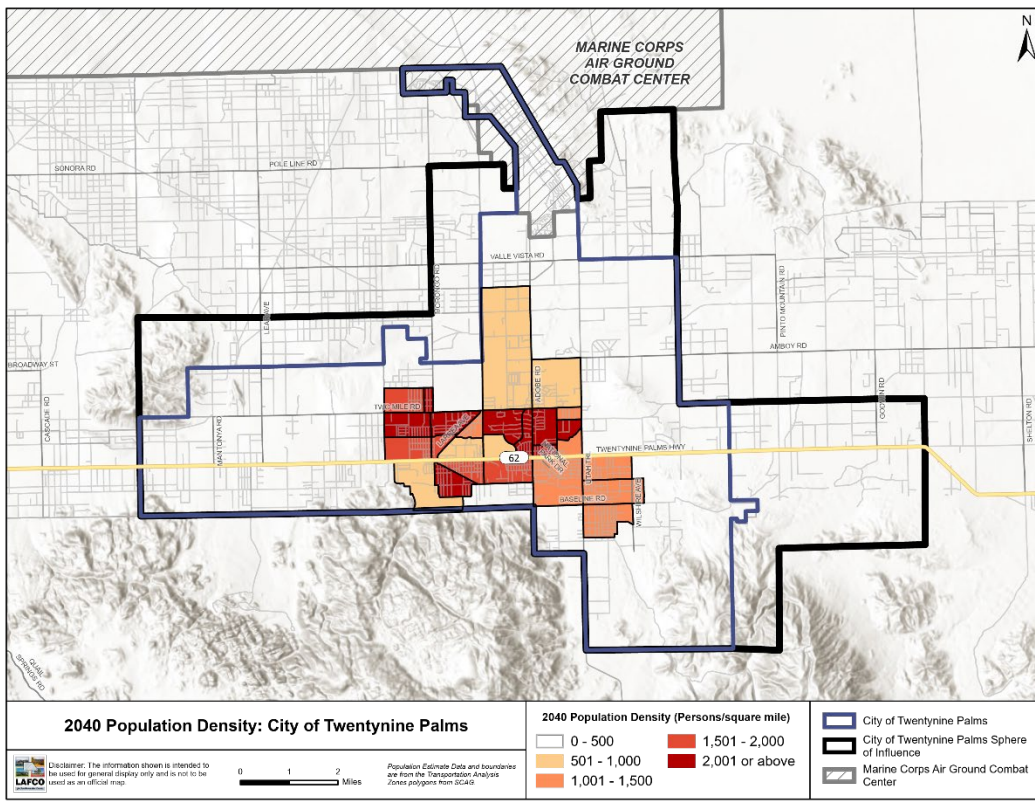
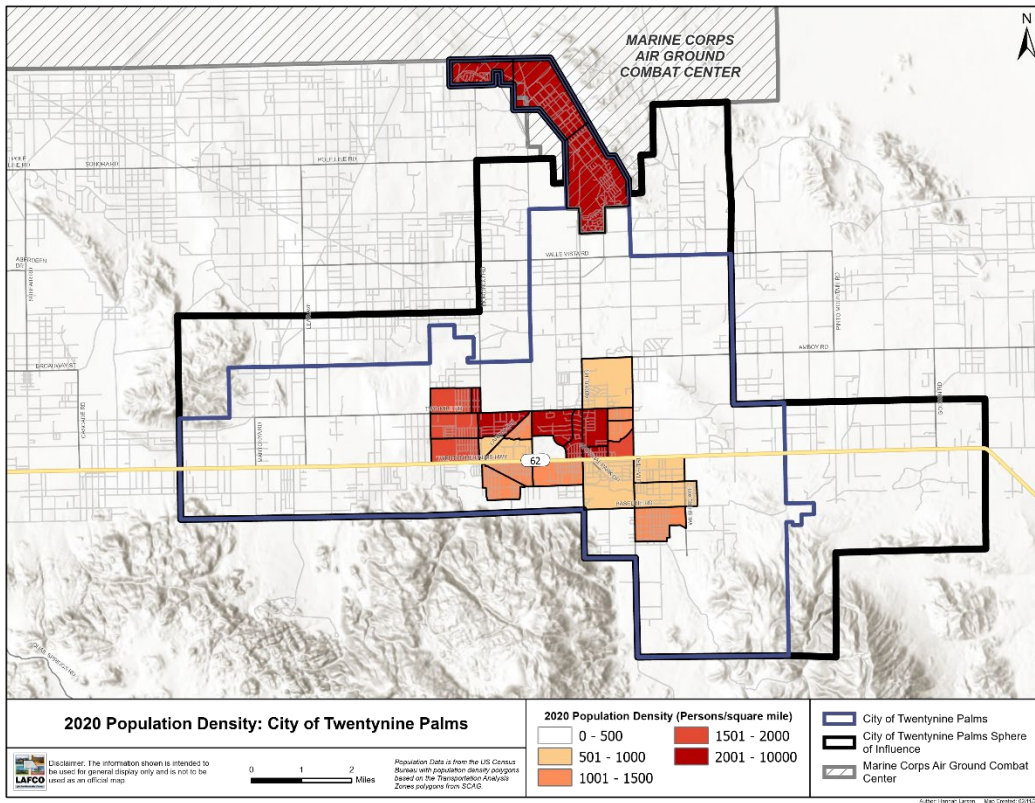
Twentynine Palms can be characterized as a rural desert community that has a high population density where its boundary overlaps with the Marine Corps Air Ground Combat Center. The community is concentrated around commercial areas which run along State Highway 62, also known as Twentynine Palms Highway, and Adobe Road, which runs north to the Military Base. These areas contain the majority of multifamily and relatively dense single-family land uses. Less dense single family and rural living are located in the majority of the remainder of the community.

The City had a total population of 25,048 in 2010 and 28,065 in 2020 according to the United States Census Bureau. Overall, the City has grown by 1% annually for the past 10 years.

The following three pages show two population density figures for each agency: 2020 estimate and 2040 forecast. As shown, the population density in the community is not projected to increase significantly by year 2040 given the availability of developable land, remote nature of the desert communities removed from pass-through traffic, and the local economic structure.

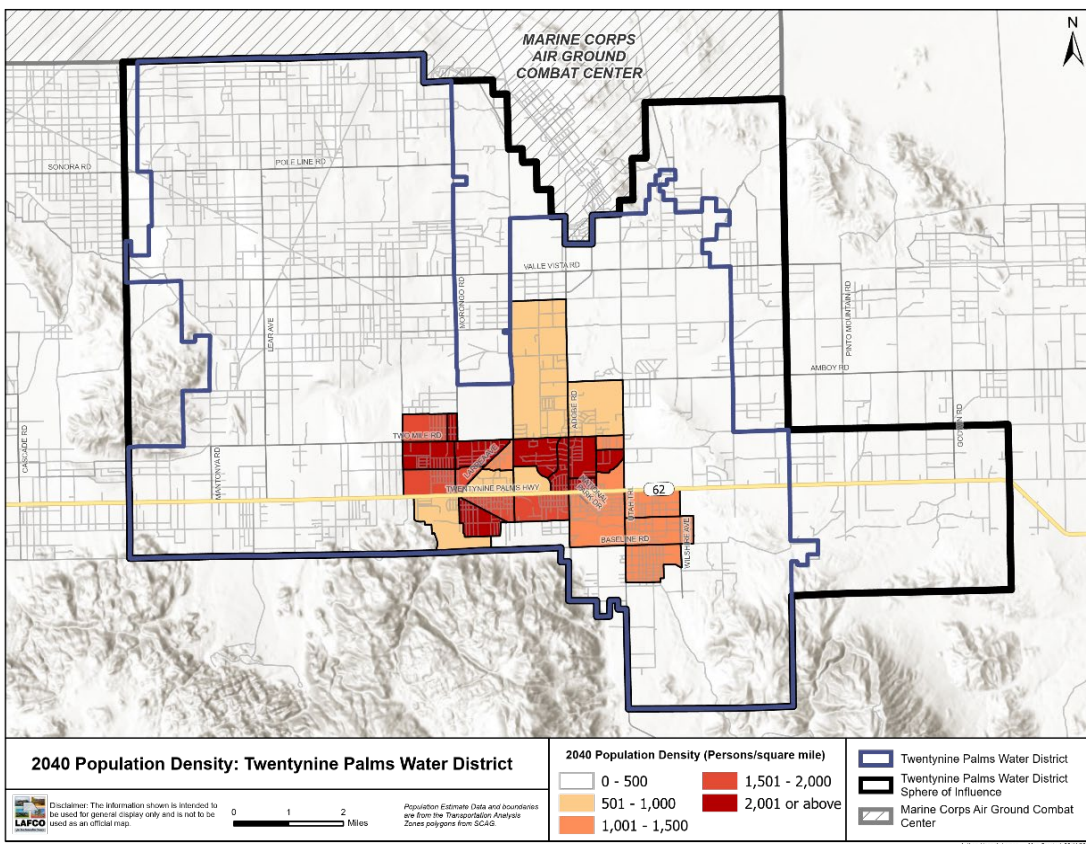
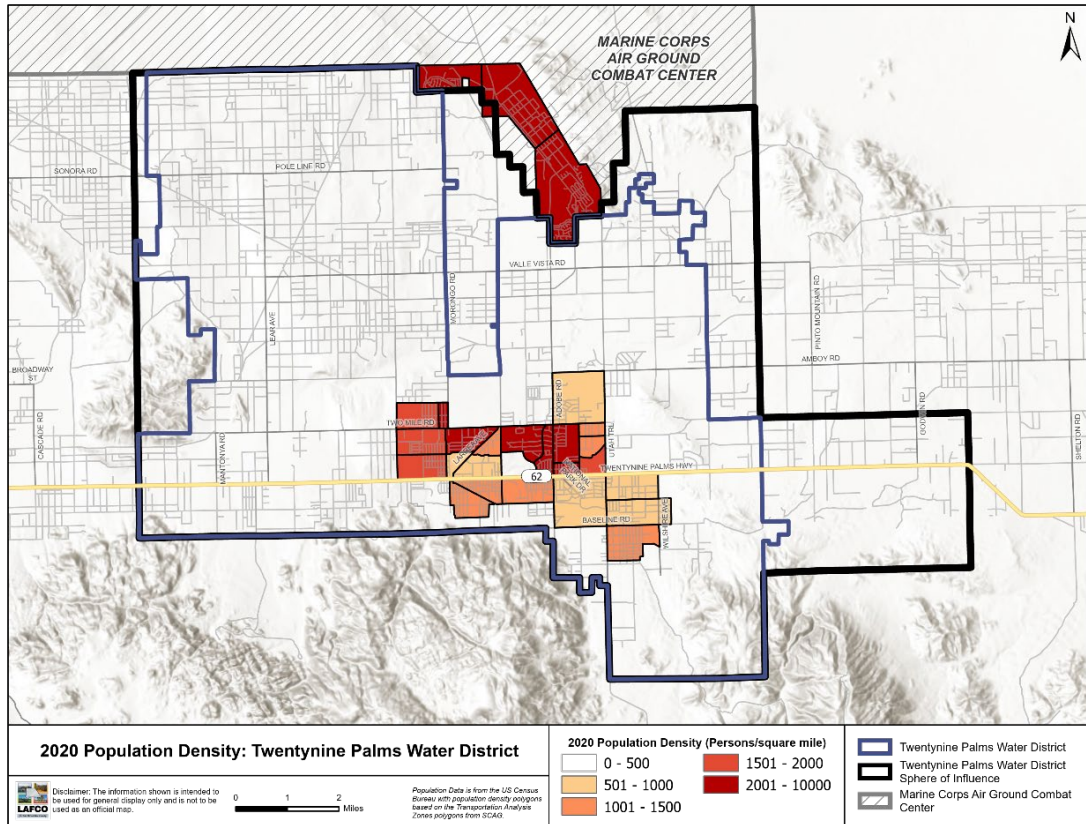
However, San Bernardino County, in general, is anticipated to see more population growth in the near term than the coastal regions of Southern California. The high cost of housing in the coastal counties of Los Angeles, Orange and San Diego has made the Inland Empire a destination of choice for many residents willing to commute to those areas. Shortly, the South Desert Region, including Twentynine Palms, has experienced an increase in full-time and part-time residents and visitors seeking rural and open space.

# SERVICE REVIEW FOR THE TWENTYNINE PALMS COMMUNITY

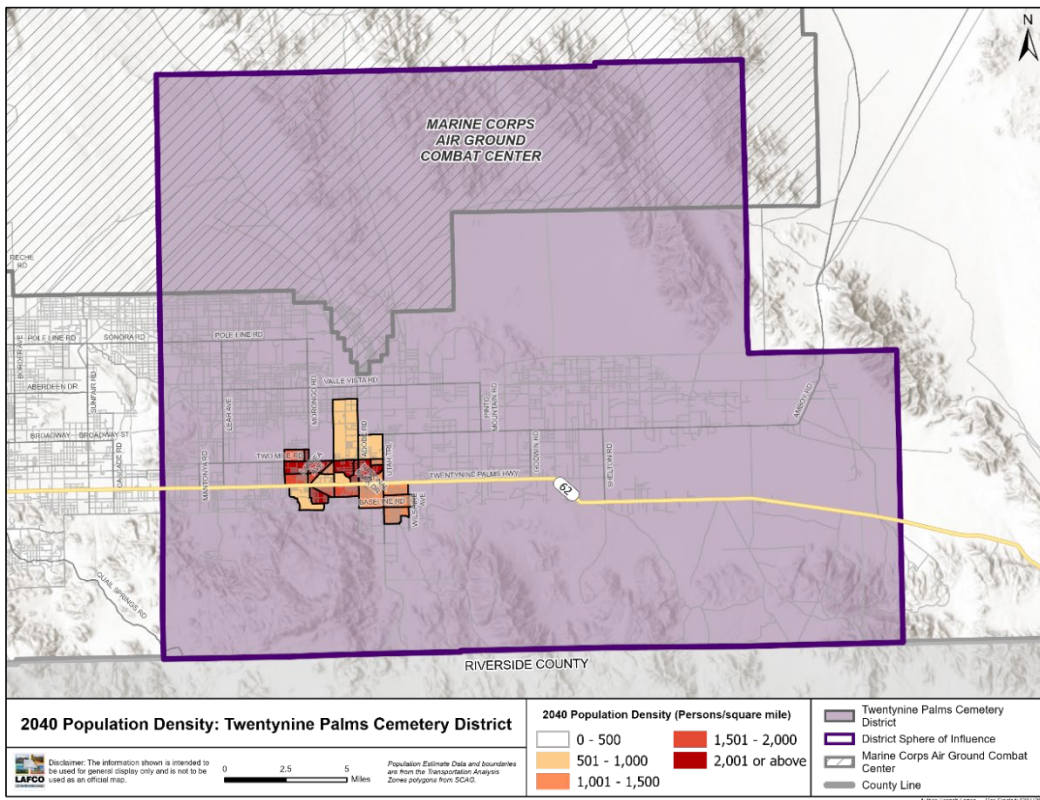
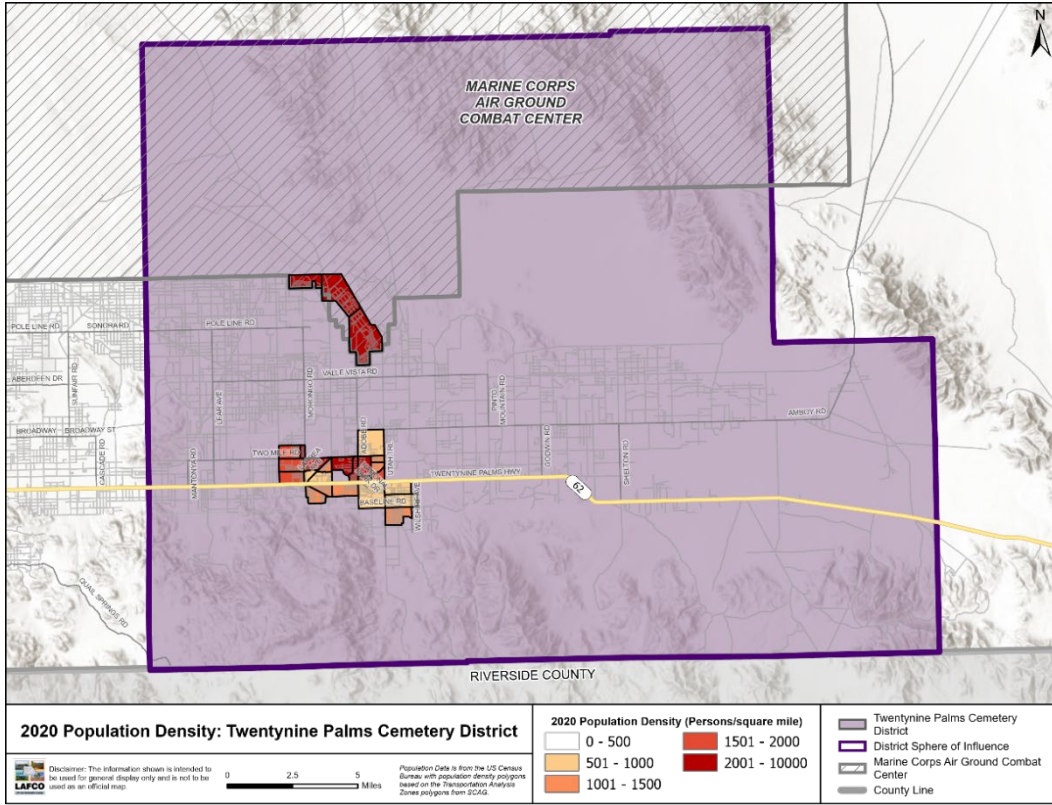




# SERVICE REVIEW FOR THE TWENTYNINE PALMS COMMUNITY



SERVICE REVIEW FOR THE TWENTYNINE PALMS COMMUNITY



**2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

**A. Definition**

The State of California adopted a definition of disadvantaged community (or “DAC”) through passage of Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002. This measure added §79505.5(a) to the California Water Code and defines a disadvantaged community as a “community with an annual median household income that is less than 80 percent of the statewide annual median household income.” For 2021, 80% of the statewide median household income is \$60,188. State law requires various entities (i.e. LAFCO, cities and counties, and water agencies) to, in some manner, identify disadvantaged communities, which can be located in both incorporated and unincorporated areas.

**B. Disadvantaged Unincorporated Communities (DUCs)**

Particular to annexations, the state mandate is to identify the location and characteristics of disadvantaged unincorporated communities (or “DUCs”). Gov. Code §56375 specifically prohibits an annexation to a city of any territory greater than 10 acres where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation unless an application to annex the entire disadvantaged unincorporated community has also been filed. Gov. Code §56033.5 defines DUCs as “...inhabited territory [12 or more registered voters]...or as determined by Commission policy, that constitutes all or a portion of a “disadvantaged community”... with less than 80% of the median household income.

For LAFCO service reviews, the state requires that service reviews identify and describe the characteristics of disadvantaged communities of unincorporated areas only (commonly referred to as “DUCs”). For the purposes of defining a DUC, San Bernardino LAFCO policy defines a community as an inhabited area comprising no less than 10 dwellings adjacent or in close proximity to one another. Uninhabited areas include vacant or government lands. The table below identifies the major DUC within the Twentynine Palms Community.

**Table III-1: Disadvantaged Unincorporated Area**

Characteristics	Twentynine Palms (Northwest Unincorporated Area)
Area, sq. miles	40
Population (2021)	1,406
Households (2021)	634
Median Household Income	\$29,300
Characteristics	Natural desert setting, rural lifestyle, wide open spaces and natural features. Predominant land use is rural residential with large lots. There is very little commercial or industrial development.

Source: ESRI Community Analyst

**C. Disadvantaged Communities (DACs)**

Although the state requires that LAFCOs focus their service review analyses on disadvantaged communities within unincorporated areas, the reality is that disadvantaged communities do not necessarily follow jurisdictional boundaries and occur in incorporated areas (cities) as well. It is LAFCO’s responsibility to also recognize and describe the characteristics of the disadvantaged communities countywide regardless of jurisdiction.

The table below identifies the characteristics of the Disadvantaged Community (“DAC”) within the City of Twentynine Palms.

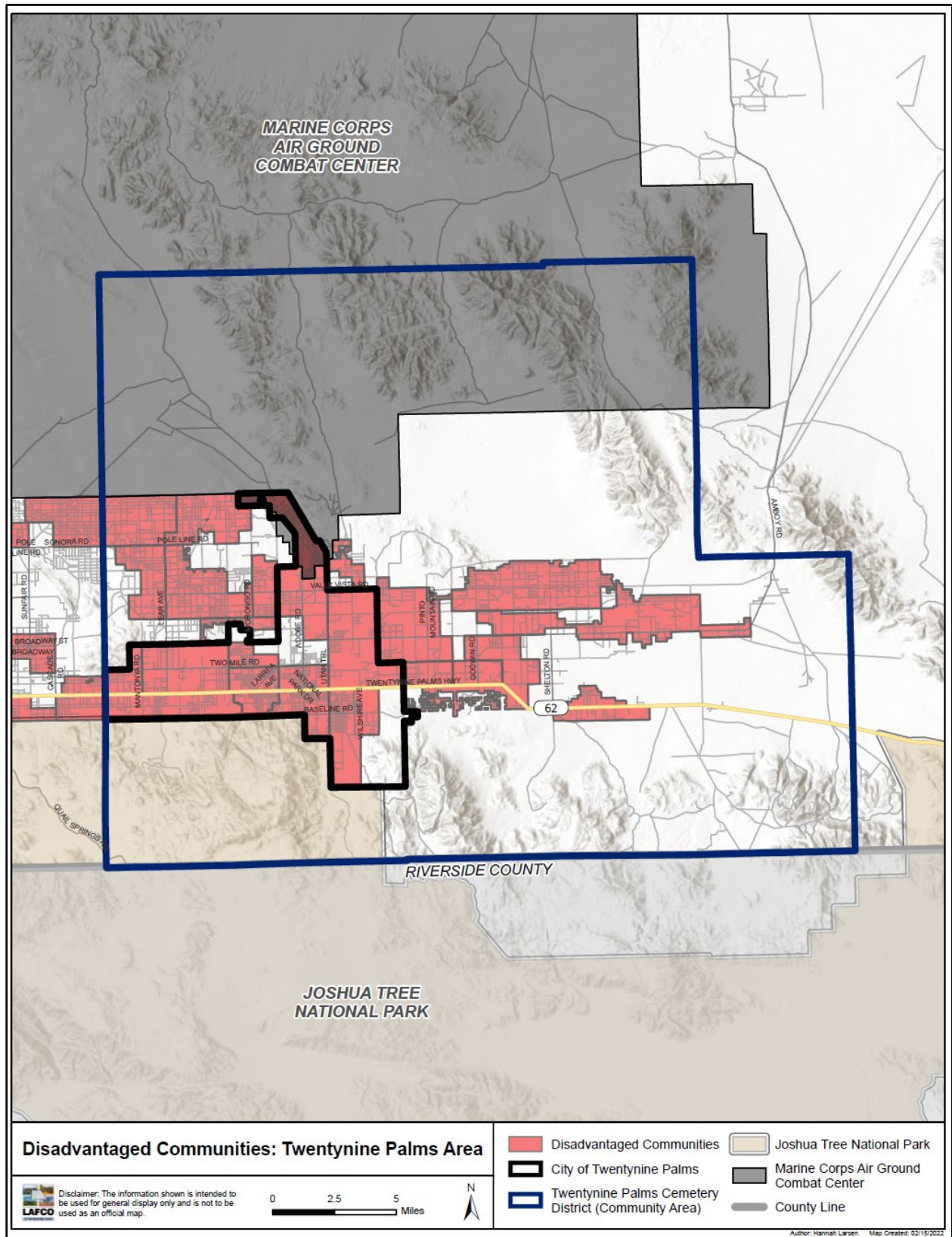
**Table III-2: Disadvantaged Incorporated Area**

Characteristics	Central Twentynine Palms Incorporated
Area, sq. miles	9.17
Population (2021)	12,874
Households (2021)	5,054
Median Household Income	\$45,841
Characteristics	Low, medium, and medium-high density residential, rural residential, general commercial, public facilities, and low density industry.

Source: ESRI Community Analyst

The figure on the following page identifies the location of the DACs. Shown are the Cemetery District outline, as it is the largest boundary, and the City outline as a reference for the disadvantaged communities within the incorporated area.

**Figure III-7: Disadvantaged Communities**



### 3. Infrastructure needs or deficiencies related to sewers, municipal and industrial water, and fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence

#### A. Sewer

##### (1) Historical

There currently is no organized municipal sewage collection system or wastewater treatment facility within the City. Most wastewater in the community is disposed of via individual septic tanks at residences and businesses. The exceptions to this are the mainside area of Marine Corps Base and some of the new subdivisions and businesses contain on-site wastewater collection and treatment systems (“OWTS”). OWTS are wastewater treatment systems that use subsurface disposal, including: individual; community collection and disposal; and alternative collection and disposal systems. The most common OWTS are septic systems. OWTS do not include “graywater” systems pursuant to Chapter 15 of the California Plumbing Code.<sup>14</sup>

In 2018, LAFCO conducted a *Countywide Service Review for Wastewater*, which included the Twentynine Palms community. That service review determined that the City and the Water District are aware that the Colorado River Basin Regional Water Quality Control Board is concerned about potential contamination, and the parties are concerned that the Regional Board could issue an order for the community to immediately develop a wastewater system. Meanwhile, the neighboring Marine Base has an aging wastewater treatment facility.

Given the direction of Gov. Code §56430 and the Commission’s policies related to spheres of influence and service reviews, the Twentynine Palms community is identified as an area that has a great need and opportunity for an organized wastewater collection system. In turn, the Commission identified the Twentynine Palms community as a “hot spot” and recognized that an opportunity exists for the community to develop a joint wastewater system with the nearby Marine Corps base.

##### (2) Infrastructure Need

Two local agencies have the authority to plan for a future wastewater system: (1) the City as a municipality can provide collection and/or treatment within its boundaries, and (2) the Water District is authorized by LAFCO the Sewer function but with services limited to Planning and Engineering, although the District can apply to LAFCO to expand its authorized services to include the full range of wastewater services throughout its jurisdiction.

Meanwhile, the neighboring Marine Base has an aging wastewater treatment facility located just north of Mesquite Dry Lake aboard the installation. The Base has requested military construction funding to construct a new facility near the current site. This is the highest priority construction project for the Base, however it is neither currently scheduled nor funded.

<sup>14</sup> See Appendix C: Primers (Onsite Wastewater Treatment Systems)

With concurrent wastewater treatment needs for the Marine Corps base and the Twentynine Palms community, the City has presented an opportunity to develop a joint wastewater system with the Marine Corps base. The City recently completed a feasibility study to develop a wastewater system to promote economic growth, protect groundwater resources from contamination, and provide a means for using recycled water to recharge groundwater, thereby enhancing the long-term sustainability of the community's resources. The City is interested in pursuing a joint solution with the Marine Corps Base in order to capitalize upon economies of scale, avenues for more favorable financing for the City's share of a joint project, and promoting basin-wide groundwater sustainability. The study is anticipated to evaluate a joint wastewater treatment plant as well as the City constructing its own treatment plant.

LAFCO staff understands that the Water District has participated in meetings with the City and Marine Base, but that the City is taking the lead in the feasibility study with the Marine Base. The Water District is authorized by LAFCO the Sewer function but with services limited to Planning and Engineering. Having such authorization allows the Water District to play a contributing role in a potential treatment system and shape the future of the overall community.

Any joint project between the Twentynine Palms community and the Marine Base would allow for economies of scale, phased approach to connecting the non-base community to a new treatment plant, promote economic growth, and protect groundwater quality. Additionally, it would promote retention of workers, since local citizens are not subject to deployment or reassignment, and shared risk - even more so if the Water District becomes a partner.

As of this writing, the Regional Board has not issued a prohibition, and the City recently completed a feasibility study to evaluate the available wastewater treatment options for the community, to include the Marine Corps Base.

In February 2022, the City Council approved direction to pursue state funding for a wastewater collection and treatment system and to spend no more than \$500,000, in part to create a shovel-ready plan to submit to the State. At this time, the system could cost between \$150 million and \$200 million. The application is due March 2023, and construction would need to start by June 2024 and completed by June 2016.

## **B. Water**

LAFCO authorizes the Water District to provide retail water service within its boundary, which includes the incorporated city. This service review does not identify any infrastructure needs or deficiencies related to municipal and industrial water. Please refer to Part I, Section 3 (Twentynine Palms Water District) of this report.

## **C. Fire and Emergency Services**

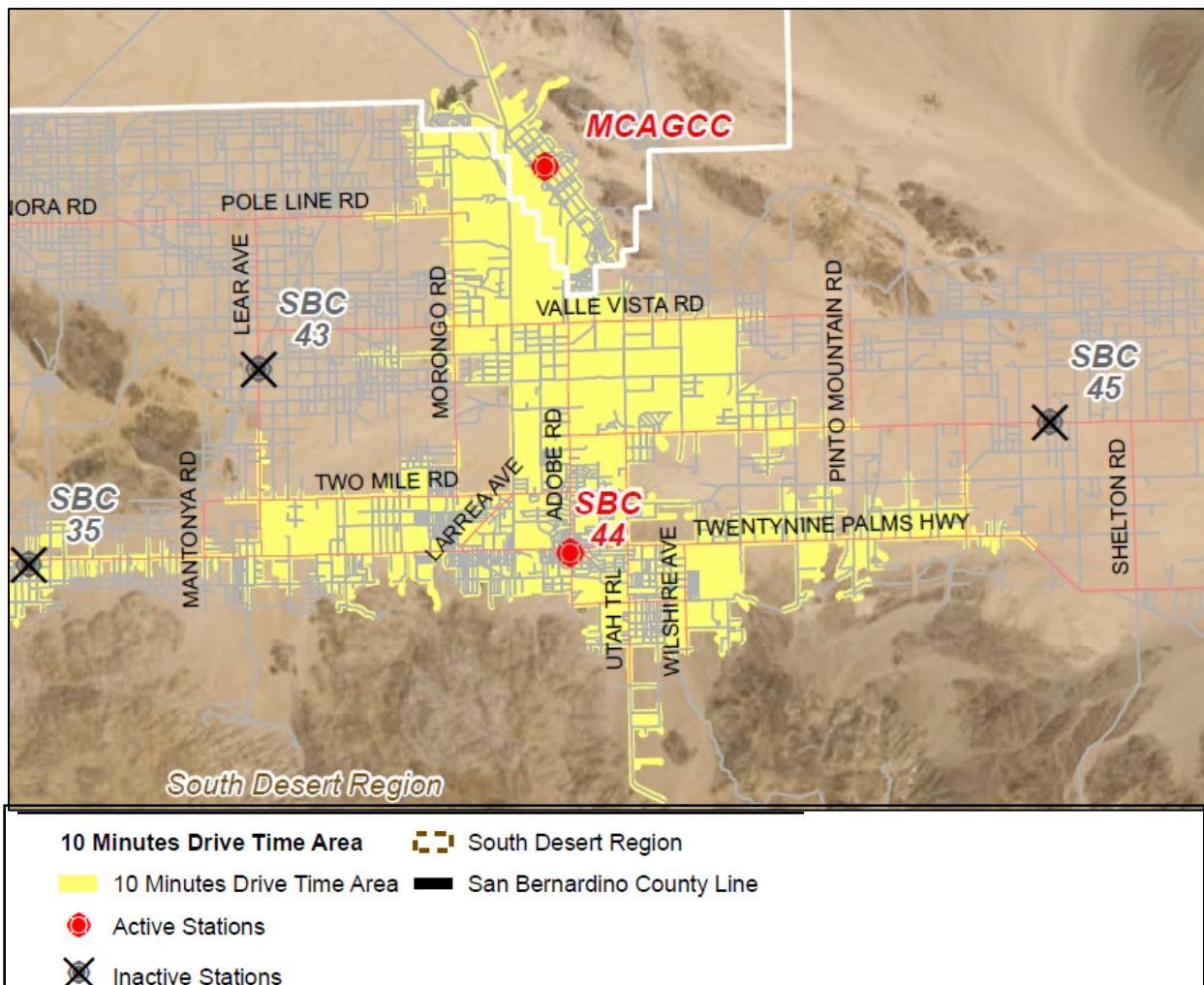
The community is within the boundaries of the San Bernardino County Fire Protection District ("County Fire"), which is responsible for fire protection and

emergency services. The following identifies the fire stations in the community and adjacent areas:

Twentynine Palms Community	Adjacent
<ul style="list-style-type: none"> <li>○ Station 44 – active</li> <li>○ Station 43 – inactive</li> <li>○ Marine Corps – active, mutual aid</li> </ul>	<ul style="list-style-type: none"> <li>○ Station 35 (Joshua Tree) – inactive</li> <li>○ Station 45 (Wonder Valley) – inactive</li> </ul>

At this time, County Fire has the only active station in the community, Station 44, and the two adjacent stations are inactive. The distance between a fire station and the location of an emergency has a significant impact on response time. LAFCO staff conducted a drive time analysis to evaluate the emergency service coverage to the community. The figure below shows that the majority of the community can be reached from Station 44 or the Marine Corps station within 10 minutes, the standard for rural communities. Staff performed the analysis using typical traffic conditions during mid-week (Wednesday at 12 P.M.) driving a standard fire rescue truck.

**Figure III-8: Fire Station Drive Time Analysis - 10 minutes (Rural standard)**

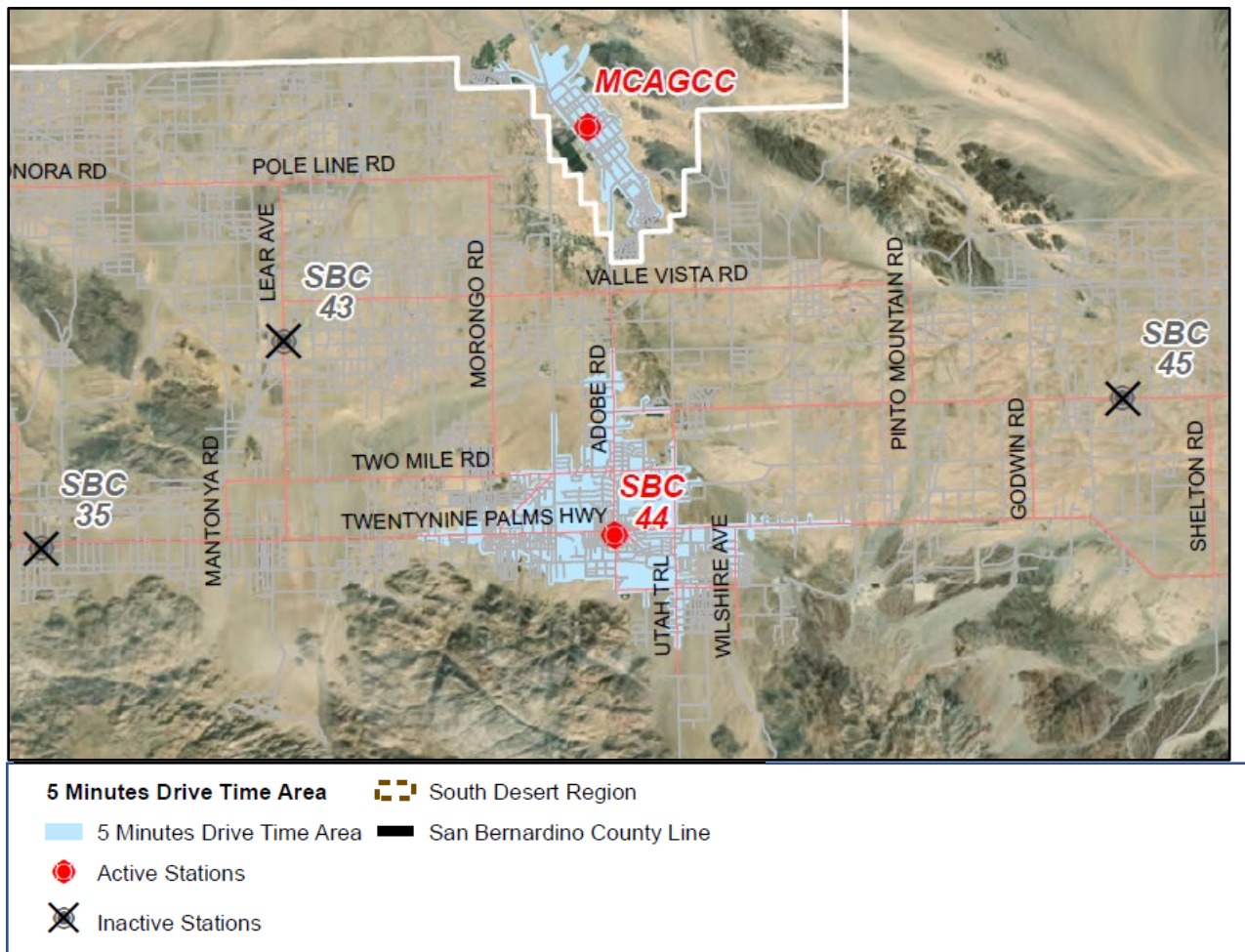




As identified in LAFCO's 2020 *Countywide Service Review for Fire Protection/Emergency Medical Services/Ambulance*, no infrastructure needs or deficiencies were identified. That determination is reiterated in this service review as well, evidenced by adequate coverage on a 10-minute response time.

However, when the response time goal is lessened to the five-minute standard for urban communities, the community lacks adequate coverage. Under this metric, there is a deficiency in adequate coverage and an infrastructure need for an additional active station.

**Figure III-9: Fire Station Drive Time Analysis – 5 minutes (Urban Standard)**



**PART III: Agency Profiles and Reviews**  
**SECTION 2: City of Twentynine Palms**

The City incorporated in 1987 following both LAFCO and local voter approval. The city operates under the council-manager form of government. Five council members are elected at large for four-year overlapping terms with the mayor chosen on an annual basis by the members of the city council.

**1. Growth and population projections for the affected area**

See Part II, Section 1, Item 1 for this determination.

**2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

See Part II, Section 1, Item 2 for this determination.

**3. A. Present and planned capacity of public facilities and adequacy of public services, and  
 B. Infrastructure needs or deficiencies related to sewers, municipal and industrial water, and fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

**A. Present and planned capacity of public facilities and adequacy of public services**

The City of Twentynine Palms is the municipal agency in the Twentynine Palms community and is responsible for (1) roads, (2) park and recreation, and (3) law enforcement within its boundary, as well as other services.

(1) Roads

Upon incorporation, the City assumed responsibility from the County for a road system in which some streets were maintained and others were not. Streets that were built to the County’s standards were transferred to the City. In addition, dedicated but unpaved, substandard streets were also transferred to the City upon its incorporation.

Twentynine Palms Highway (Highway 62) represents a constraint on the City’s circulation system as it divides the City in two. Maintenance and highway improvements must be coordinated through Caltrans as Twentynine Palms Highway is part of the State Highway System. Even though Twentynine Palms Highway represents a constraint on the City’s circulation system, it also serves as the City’s primary access route as there are very limited access alternatives to the highway. Due to the highway’s role as the main thoroughfare in and out of the City and region, it receives a high volume of traffic.

Typical street improvements include two-lanes of pavement, one-lane of pavement on each direction. Aside from Twentynine Palms Highway and Adobe

Road, even the City's primary corridors are generally only improved to the two-lane pavement standard. The primary reason that most streets are not improved is because street construction is extremely costly.

The lack of street improvements is also attributed to the fact that the City is fairly large, which requires more streets to provide an adequate level of service to City residents. According to the City, future improvements will be scheduled based on available budget and possible Federal and State grant awards to the City. Further, the lack of resources limits the ability to perform street maintenance throughout the City. Typically, maintenance is only provided to streets improved to City's standards; however, during emergencies, street maintenance can be provided to all City streets.

During FY 20-21, the City Public Works Department continued to pave streets rather than contracting out the work to private contractors. In FY 20-21, the City overlaid one mile of residential streets while doing street/road improvements to Sullivan Road. In FY 21-22, the City's schedule has it applying chip seal paving along various streets within the City limits, including Valle Vista, Utah, Amboy, and Baghdad Road, which will consist of approximately three miles.

## (2) Parks and Recreation

The City of Twentynine Palms has 175 acres of recreational opportunities made up of parks, special use areas and passive use areas provided by different sources, including the City of Twentynine Palms, the Morongo School District and the National Recreation Areas. The City gained ownership of the local parks and administration of recreation services in 1993. The Community Services Department of the City coordinates parks and recreation services, which is charged with administering recreation programs and working with the Public Works Department to ensure that parks are developed and maintained.

The City has five parks in various sizes which provide for a range of recreational activities. Luckie Park (27-acre) is the biggest and most used park. This park offers the most recreational variety which includes a swimming pool and lighted recreational facilities. Knotts Sky Park (19-acre) and Pioneer Park (18-acre), which is under development, are the next largest. Veteran's Park (6.4-acre) and Bucklin Park (0.4-acre) are the smallest parks in the City. The City reports that most of park and recreation facilities are irrigated with non-potable water.

The Morongo Unified School District has several recreational facilities associated with schools in Twentynine Palms. Within the City, the District has two high schools, one junior high school, and four elementary schools, all providing various recreational activities and facilities. The City's Community Services Department uses several of the District's facilities for youth and adult recreational activities. The City and District both allow mutual use of their facilities to each other, although there is no actual joint use agreement.

The City's existing General Plan park standard is four acres of parkland per 1,000 persons. The City currently has 175 acres of parkland, which includes parks, special use areas, and undeveloped parkland sites. Of the 175 acres, approximately 80 acres are currently developed. According to the City's General

Plan Recreation Element (2012), the City will start experiencing a reduction in parkland per resident in the near future, and will need to find an alternate source of parkland funding to keep up with the growing population and its need for additional parks. Currently, the City does not have a park fee collection program that is used to acquire additional parkland.

The Recreation Needs Assessment analyzed how successful the existing parks were in serving the residents of Twentynine Palms, using the criteria of providing parks within two miles of every resident. It was identified that Highway 62 and Adobe Road are significant barriers for park access, and that Luckie Park and Knott's Sky Park served most of the developed portions of the City.

According to the City, areas that are not being well served include the southeast and northeast areas. In addition, parks will be needed on the west side of the City in anticipation of serving new planned developments in that area. The Master Plan of Parks and Recreation identifies a number of needed upgrades to the City's existing parks and six potential future park areas designed to provide access to park facilities for the entire community.

### (3) Law Enforcement

Police protection is provided through contract with the San Bernardino County Sheriff's Department. Service is provided from the Morongo Basin station at 6527 White Feather Road in Joshua Tree and Sheriff's Department personnel are provided a satellite office at Twentynine Palms City Hall on Adobe Road.

According to the Sheriff's Department, the Morongo Basin Station is one of the largest Sheriff's station in both area and total number of calls for law enforcement services in San Bernardino County. Within the station's area of responsibility are the incorporated communities of Twentynine Palms and the Town of Yucca Valley, as well as the unincorporated communities of Morongo Valley, Landers, Johnson Valley, Joshua Tree, Wonder Valley, Pioneertown, Amboy, Cadiz and Flamingo Heights. The station is part of the County's Law and Justice Complex located in Joshua Tree. The facility there also houses three courtrooms and a "Type I" jail capable of housing 79 inmates.

To meet the needs of such a diverse area, the Morongo Basin station relies heavily on volunteers who are willing to partner with the Department in its public safety mission. As a result, the station has some 200 members in its various Volunteer Forces organizations, including Uniformed Patrol Reserves, Search and Rescue, Mounted Equestrian Search and Rescue, Explorer Scouts, and seven separate Citizen Patrol Units, who work in support of uniformed patrol deputies to provide a community-based law enforcement service. Clerical staff, dispatch and specialized law enforcement services (SWAT, aviation, intelligence, narcotics, homicide and specialized investigations, evidence processing and handling, training, etc.) are provided to the City by the Sheriff's Department pursuant to the law enforcement services contract.

More than 2 million tourists visit the Morongo Basin annually, with the majority traveling to visit Joshua Tree National Park. There, a team of park rangers offers basic police protection while major crimes are jointly investigated.

A portion of the Marine Corps Base is located within the City boundaries. Providing police protection to the military personnel is a Military Police Department that serves under the command of the Office of the Provost Marshall General (“OPMG”). The San Bernardino Sheriff’s Department has joint law enforcement jurisdiction and authority on the base and works together with the OPMG and investigators from the Naval Criminal Investigative Service (“NCIS”).

**B. Infrastructure needs or deficiencies related to sewers, municipal and industrial water, and fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

See Part II, Section 1, Item 3 for this determination.

**4. Financial ability of agencies to provide service**

To make the required service review determination of an agency’s financial ability to provide services, LAFCO referenced the agency’s own financial documents (audits, budgets, capital improvement program). Additionally, LAFCO developed Fiscal Indicators to show fiscal trends for the agency.

**A. Financial Position**

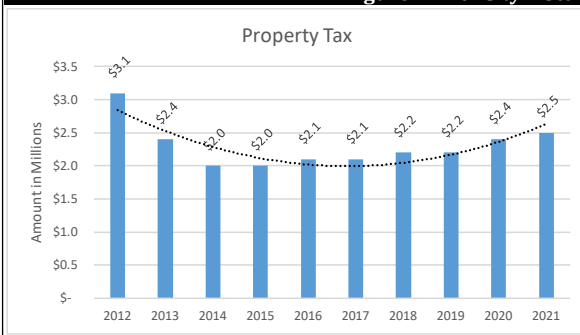
The City’s financial position improved in spite of the pandemic, although modestly, and continues to improve. For example, Property Tax, Sales Tax, Transient Occupancy Tax, and Franchise Fees (as a group) increased 21.49% from 2015 through 2021 or \$1.6M. This amount has been keeping up with inflation during this growth period.

**B. Fiscal Indicators**

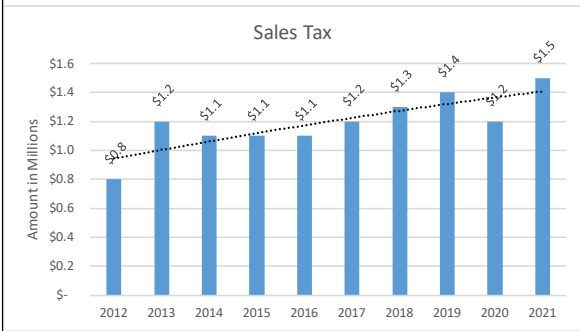
Select fiscal indicators are shown graphically below. These indicators provide a measurement of the agency’s financial condition over time.

SERVICE REVIEW FOR THE TWENTYNINE PALMS COMMUNITY

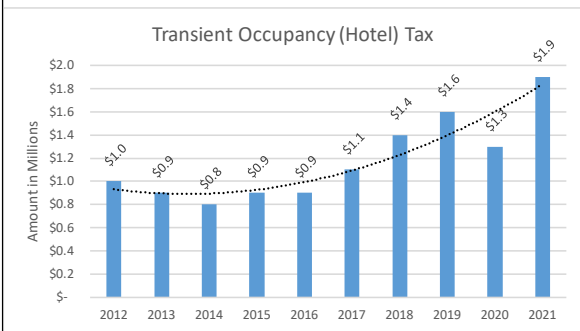
Figure III-10: City Fiscal Indicators



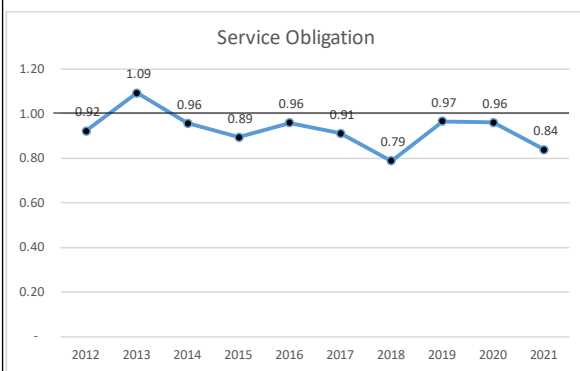
This indicator is important for general services as they are heavily reliant upon property tax revenues. As this revenue source is relatively stable and lags about two years behind changes in market conditions, this indicator can potentially depict the stability of an agency's revenue base.



This indicator is important for general services as they are heavily reliant upon sales tax revenues. This revenue source is more sensitive to economic conditions which may impact an agency's ability to fund and provide services.



This indicator is important for general services as they supplement other tax revenues. This revenue source is more sensitive to economic conditions which may impact an agency's ability to fund and provide services.



A Service Obligation ratio of one or more indicates if revenues were sufficient to pay for operations. It is calculated by operating revenues divided by operating expenditures.

Fiscal Year	Operating Revenues	Operating Expenditures	Ratio
2012	\$ 12,432,192	\$ 13,465,352	0.92
2013	\$ 12,332,451	\$ 11,274,385	1.09
2014	\$ 10,141,458	\$ 10,592,640	0.96
2015	\$ 10,472,712	\$ 11,710,881	0.89
2016	\$ 10,336,805	\$ 10,783,603	0.96
2017	\$ 11,703,033	\$ 12,830,573	0.91
2018	\$ 12,805,908	\$ 16,235,526	0.79
2019	\$ 13,061,359	\$ 13,532,249	0.97
2020	\$ 14,293,840	\$ 14,864,490	0.96
2021	\$ 15,771,570	\$ 18,790,878	0.84

Post-Employment Liabilities

The two charts below identify the funding status and asset coverage of the pension and OPEB plans.

Pension

Funded ratio (plan assets as a % of plan liabilities)  
 Net liability, pension (plan liabilities - plan assets)

	2018	2019	2020	2021	Trend
Funded ratio	80%	100%	97%	96%	
Net liability	\$ 3,474,126	\$ 70,807	\$ 506,204	\$ 793,186	

Other Post Employment Benefits (OPEB)

Funded ratio (plan assets as a % of plan liabilities)  
 Net liability, OPEB (plan liabilities - plan assets)

	2018	2019	2020	2021	Trend
Funded ratio	33%	45%	97%	95%	
Net liability	\$ 3,040,777	\$ 2,089,910	\$ 76,616	\$ 102,817	

**C. General Fund**

The General Fund is the chief operating fund of the City of Twentynine Palms. At the end of FY 20/21, the unassigned fund balance of the General Fund was \$6.8M while total fund balance was \$10.0M. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 74% of total General Fund expenditures, while total fund balance represents 108% of that same amount. The 74% of unassigned General Fund balance complies with the City’s Fund Balance policy.

The fund balance of the City’s General Fund increased by \$1,857,680 during FY 20/21, primarily due to increased tax revenue and revenues from building permits as well as decreased expenditures for community service activities.

Sales tax collections increased from \$1,226,377 in FY 19-20 to \$1,445,428 in FY 20-21. Taxable sales are expected to increase in the coming fiscal year as the economy is slowly recovering from the COVID-19 pandemic.

**D. Increasing Expenditures**

The City’s contract with the County Sheriff has increased significantly since FY 17/18, increasing 34% into the FY 22/23 budget year.

**Table III-3: City Law Enforcement Contract with County Sheriff**

FY 17/18 ACTUAL	\$ 3,497,000
FY 18/19 ACTUAL	3,729,388
FY 19/20 ACTUAL	4,018,094
FY 20/21 FORECAST	4,288,588
FY 21/22 BUDGET	4,449,119
FY 22/23 BUDGET	4,684,775

**E. Pension and Other Post Employment Liabilities**

The City’s pension liability was fully funded with zero liability however, a CalPERS reassessment increased the liability as \$469,000. The OPEB liability is nearly fully funded.

In addition, the City assumed the Water District’s responsibility for fire pensions. The fire department’s pension is funded at \$3.3M plus the cash on hand of \$1.8M; the funding ratio is at 86.6%. The City is waiting for the US Treasury 20-year bond rates to get in the mid 3% to high 3% range to terminate the plan and reduce the City’s liability.

**F. Liabilities**

At the end of the current fiscal year, the City had no bonded debt due to dissolution of the Redevelopment Agency and the transfer of its debt to the Successor Agency.

**5. Status of, and opportunities for, shared services**

As a contract city, the City has entered into contracts with County Fire and San Bernardino County Sheriff for fire and emergency services and law enforcement. The Morongo Unified School District has several recreational facilities associated with schools in Twentynine Palms. Within the City, the District has two high schools, one junior high school, and four elementary schools, all providing various recreational activities and facilities. The City’s Community Services Department uses several of the District’s facilities for youth and adult recreational activities. The City and District both allow mutual use of their facilities to each other, although there is no actual joint use agreement.

See Part III, Section 3 of this report for a review of the opportunities for coordination of services and facilities.

**6. Accountability for community service needs, including government structure and operational efficiencies**

**A. Governmental Structure**

The City operates under the council-manager form of government. Five council members are elected at large for four-year overlapping terms with the mayor chosen on an annual basis by the members of the city council (see table below). The City Council is responsible for the adoption of all laws and public policies, and sets goals, designs strategies, adopts budgets and gives direction. The Council presides over governance and appoints a professional administrator (city manager) who is charged with the duty of executing the policy decisions of the council under the direct and close supervision of the Council.

The Twentynine Palms City Council meets on the second and fourth Tuesday of each month at 6:00 p.m. in Council Chambers at City Hall, 6136 Adobe Road, Twentynine Palms, CA 92277. Council meetings are open to the public. Council meetings are also live streamed.

**Table III-4: City of Twentynine Palms City Council**

City Council	Title	District	Term
Karmolette O’Gilvie	Mayor	4	2018 - 2022
McArthur Wright	Mayor Pro Tem	5	2018 - 2022
Steve Bilderain	Councilperson	1	2020 - 2024
Joel A. Klink	Councilperson	2	2020 - 2024
Daniel L. Mintz, Sr.	Councilperson	3	2018 - 2022



**B. Website Transparency**

Senate Bill 929 added Government Code Sections 6279.6 and 53087.8 to provide the public easily accessible and accurate information through agency websites. By January 1, 2020, every California independent district is required to maintain a website. The table, below, is not an exhaustive inventory of website criteria required under current law. Rather, it identifies key components (required by the Government Code and/or recommended by the California Special Districts Association and other organizations) for websites to enhance transparency and accountability.

Government Code Sections 54954.2 and 54957.5 require agencies to post all agendas 72 hours in advance on their websites. Government Code Section 6253 requires that agencies post content most requested by constituents (and most often requested via Public Record Act requests). Because of the difficulty for LAFCO staff to verify this information, these criteria are not included in the website checklist. However, agencies should address these criteria to comply with current website requirements.

**Table III-5: City Website Transparency**

<b>City of Twentynine Palms Website Checklist</b>			
website accessed 6/9/2021 <a href="https://www.ci.twentynine-palms.ca.us/">https://www.ci.twentynine-palms.ca.us/</a>			
<b>Required</b>			
		<b>Yes</b>	<b>No</b>
Government Code §53087.8	Agency maintains a website with current contact information? (required for independent special districts by 1/1/2020)	X	
Government Code §6270.5	Agency has created an Enterprise System Catalog and posted it to website?	X	
Government Code §54954.2	Agency has current agenda posted to website homepage and is accessible through a prominent, direct link?	X	
Government Code §53908	Agency's website provides information on compensation of elected officials, officers and employees or has link to State Controller's Government Compensation website?		X
<b>The following criteria are recommended for agency websites by a number of governance associations and organizations.</b>			
		<b>Yes</b>	<b>No</b>
Description of services?		X	
Service area map?		X	
City Council schedule?		X	
Budgets (past 3 years)?		X	
Audits (past 3 years)?			X
List of elected officials and terms of office?			X
List of key agency staff with contact information?		X	
Meeting agendas/minutes (last six months)?			X
<i>Notes:</i>			

## **PART III: Agency Profiles and Reviews**

### **SECTION 3: Twentynine Palms Water District**

The Twentynine Palms Water District formed in 1954. LAFCO authorizes the Water District the functions of Water (retail, agricultural, domestic, replenishment) and Sewer (limited to planning an engineering). Its boundaries encompass approximately 87 square miles, and includes incorporated and unincorporated area. The District's boundaries and/or sphere of influence do not include the portion of the City that is within the Marine Corps Base.

#### **1. Growth and population projections for the affected area**

See Part II, Section 1, Item 1 for this determination.

#### **2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

See Part II, Section 1, Item 2 for this determination.

#### **3. A. Present and planned capacity of public facilities and adequacy of public services, and B. Infrastructure needs or deficiencies related to sewers, municipal and industrial water, and fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

##### **A. Present and planned capacity of public facilities and adequacy of public services**

Prior to 1954, the Twentynine Palms area was served by three privately owned water companies: Abell Water Company, Condor Mutual Water Company, and Pacific Water Company. The District formed in 1954 and subsequently purchased the three water companies. Their wells, storage facilities, and piping served as the initial water system for the District. Historical pumping and water deliveries by the District have steadily increased since its formation in the mid-1950s.

According to the District's 2020 Urban Water Management Plan ("UWMP"), the District provides groundwater to a population of approximately 18,700 residents within an 87-square mile area, consisting of 7,438 meter services, 200 miles of pipeline and 17 million gallons of water storage capacity. Annual water usage is approximately 2,100 – 2,900 acre feet ("AF") which is mostly used by single-family residential (approximately 83%). The other approximately 17% is a combination of multi-family residential, commercial, or landscape/irrigation. All of the District's water supply is provided by groundwater pumped from seven water production wells, primarily along the southern edge of the service area. The District has one groundwater treatment facility which removes fluoride from one water production well. The pipelines distribute the water via the District's eight booster pump stations and ten water storage reservoirs.

The District's 2020 UWMP concludes that the District has adequate supplies to meet demands during normal, single-dry, and multiple-dry years throughout the 20-year planning period. In addition, there is sufficient production capacity to meet projected future demands with the actions the District is taking to maintain supply availability.

**B. Infrastructure needs or deficiencies related to sewers or municipal and industrial water in any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

LAFCO authorizes the Water District the functions of Water (retail, agricultural, domestic, replenishment) and Sewer (limited to planning an engineering) throughout its jurisdiction, which includes the incorporated city.

1) Water

This service review does not identify any infrastructure needs or deficiencies related to municipal and industrial water.

The District has become a test district for the EPA's research into an economical method for small, low-income water agencies to remove arsenic. This new method brings the district's drinking water into compliance with recent maximum contaminant levels for arsenic and saves the district over \$20,000 annually. The program involves onsite regeneration of iron-based adsorptive media to remove arsenic from drinking water. Not only does this clean the local water, the results from this test case support the removal of arsenic in other areas of the country with a lower cost method.<sup>15</sup> Additionally, the District operates a Fluoride Removal Plant that removes high levels of naturally occurring fluoride from the Mesquite Lake sub-basin.

2) Sewer

See Part II, Section 1, Item 3B for a review of potential sewer service.

**4. Financial ability of agencies to provide service**

To make the required service review determination of an agency's financial ability to provide services, LAFCO referenced the agency's own financial documents (audits, budgets, capital improvement program). Additionally, LAFCO developed Fiscal Indicators to show fiscal trends for the agency.

**A. Financial Position**

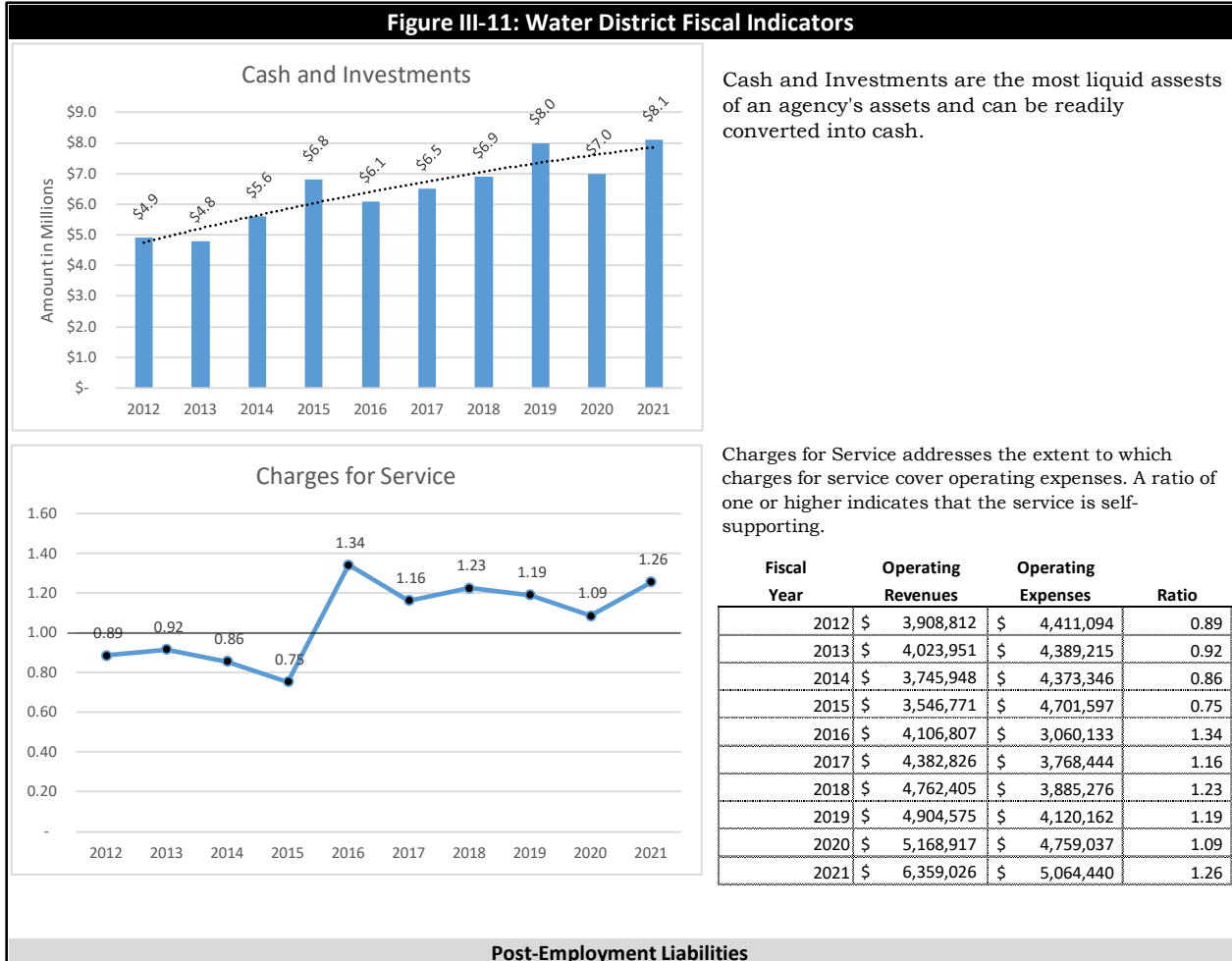
The financial position of the District is solid after years of operating with expenses greater than revenues. A recently approved tiered rate increase projects necessary revenues to meet the reserve policy and fund capital improvements.

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<sup>15</sup> Sorg, Thomas an Abraham S.C. Chen, Lili Wang, and Raymond Kolisz. "Regenerating an Arsenic Removal Iron-Based Adsorptive Media System, Part 1: The Regeneration Process", Journal of the American Water Works Association. 109:5. May 2017.

### B. Fiscal Indicators

Select fiscal indicators are shown graphically below. These indicators provide a measurement of the agency’s financial condition over time. Following at least four years of steady decline, the District has operated with revenues over expenses since 2016. During that time, cash and investments have steadily increased from \$6.1 million to \$8.1 million.



**Post-Employment Liabilities**

The two charts below identify the funding status and asset coverage of the pension and OPEB plans.

	2018	2019	2020	2021	Trend
<b>Pension</b>					
Funded ratio (plan assets as a % of plan liabilities)	75%	78%	78%	78%	↗
Net liability, pension (plan liabilities - plan assets)	\$ 2,297,360	\$ 2,241,022	\$ 2,469,343	\$ 2,705,642	↗
<b>Other Post Employment Benefits (OPEB)</b>					
Funded ratio (plan assets as a % of plan liabilities)	35%	47%	64%	63%	↗
Net liability, OPEB (plan liabilities - plan assets)	\$ 601,426	\$ 503,275	\$ 377,004	\$ 417,608	↘

### C. Rate Increase

Effective February 2021, the District’s approved rate increases (on average 10% annually through 2025) will provide additional revenue to keep pace with inflation, drinking water regulations, and other costs that are passed onto the water system.

Further, as stated in the District’s notice regarding the proposed rate increase, the increases will meet reserve requirements<sup>16</sup>, fully fund its capital improvement program, and avoid an annual deficit in future years.

**D. Pension and Other Post Employment Liabilities**

The position of the pension fund (Miscellaneous pension fund) has slightly improved over the past few years. Further, the position of the Other Post Employment Benefits (“OPEB”) fund has significantly improved over the past few years. With cash available, the District has been able pay down its OPEB liability.

**E. Liabilities**

The largest liability for the District is for the pension plan. This is shown in the Fiscal Indicators figure above as \$2,705,642. Following that liability is a loan agreement balance of \$1,622,204. In 2019, the District entered into an agreement to finance the purchase of water meters in the form of \$2 million note. The final payment is due October 2028.

**5. Status of, and opportunities for, shared services**

The TPWD has no shared services with other agencies at this time.

See Part III, Section 3 of this report for a review of the opportunities for coordination of services and facilities.

**6. Accountability for community service needs, including government structure and operational efficiencies**

**A. Governmental Structure**

The Water District is governed by a locally elected five-member Board of Directors. Each director serves four-year terms (see table below). The Directors meet on the fourth Wednesday of every month at 4 PM in the District Office located at 72401 Hatch Road, Twentynine Palms. Board meetings are open to the public.

**Table III-6: Water District Board of Directors**

<b>Trustee</b>	<b>Title</b>	<b>Term</b>
Carol Giannini	President	2020 - 2024
Anita “Suzi” Horn	Vice President	2018 - 2022
Michael Arthur	Director	2020 - 2024
Robert “Bob” Coghil, Jr.	Director	2018 - 2022
Randy Leazer	Director	2018 - 2022

<sup>16</sup> District Resolution No. 19-09, approved 26 June 2019, sets the following reserve levels: Operating Reserves (minimum of 180 days of budgeted operating and maintenance expenses) and Capital Reserves (minimum amount of 6% of total capital assets).

**B. Website Transparency**

Senate Bill 929 added Government Code Sections 6279.6 and 53087.8 to provide the public easily accessible and accurate information through agency websites. By January 1, 2020, every California independent district is required to maintain a website.

The table, below, is not an exhaustive inventory of website criteria required under current law. Rather, it identifies key components (required by the Government Code and/or recommended by the California Special Districts Association and other organizations) for websites to enhance transparency and accountability.

Government Code Sections 54954.2 and 54957.5 require agencies to post all agendas 72 hours in advance on their websites. Government Code Section 6253 requires that agencies post content most requested by constituents (and most often requested via Public Record Act requests). Because of the difficulty for LAFCO staff to verify this information, these criteria are not included in the website checklist. However, agencies should address these criteria to comply with current website requirements.

**Table III-7: Water District Website Transparency**

<b>Twentynine Palms Water District Website Checklist</b>			
website accessed 2/2/2022 <a href="https://www.29palmswater.com">https://www.29palmswater.com</a>			
<b>Required</b>			
		<b>Yes</b>	<b>No</b>
Government Code §53087.8	Agency maintains a website with current contact information? <i>(required for independent special districts by 1/1/2020)</i>	X	
Government Code §6270.5	Agency has created an Enterprise System Catalog and posted it to website?	X	
Government Code §54954.2	Agency has current agenda posted to website homepage and is accessible through a prominent, direct link?	X	
Government Code §53908	Agency's website provides information on compensation of elected officials, officers and employees or has link to State Controller's Government Compensation website?	X	
<b>The following criteria are recommended for agency websites by a number of governance associations and organizations.</b>			
		<b>Yes</b>	<b>No</b>
Description of services?		X	
Service area map?		X	
City Council schedule?		X	
Budgets (past 3 years)?		X	
Audits (past 3 years)?		X	
List of elected officials and terms of office?		X	
List of key agency staff with contact information?		X	
Meeting agendas/minutes (last six months)?		X	
Notes:			

## **PART III: Agency Profiles and Reviews**

### **SECTION 4: Twentynine Palms Public Cemetery District**

In 1934, the Twentynine Palms Cemetery District was formed to provide cemetery services to Twentynine Palms, Wonder Valley, and outlying areas. The District is an independent special district with a five-member appointed board of trustees and operates under Public Cemetery District Law (Division 8, Part 4 of the Health and Safety Code). The District's boundaries cover approximately 650 square miles and includes portions of the Twentynine Palms Marine Corps Base and Joshua Tree National Park. Currently, the District operates one cemetery located at 5350 Encelia Avenue in Twentynine Palms. The District owns 30 acres, 20 which are developed.

This agency's first service review from 2012 raised concerns regarding the District's fiscal health, lack of a master plan, and other financial and operational issues.<sup>17</sup> Based on the reasons described in the May 2012 service review, LAFCO designated a zero sphere of influence for the District. In 2020, LAFCO conducted a service review of public cemetery districts. LAFCO's determination in said service review affirmed a zero sphere of influence for the District.

#### **1. Growth and population projections for the affected area**

See Part II, Section 1, Item 1 for this determination.

#### **2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

See Part II, Section 1, Item 2 for this determination.

#### **3. Present and planned capacity of public facilities and adequacy of public services**

The District operates one cemetery located at 5350 Encelia Drive in Twentynine Palms. The grounds cover 30 acres, 20 of which are developed. As of March 25, 2022, the cemetery had:

- 2,589 available sites
- 4,234 occupied sites
- 664 reserved sites

According to the District, based on the average number of internments over the past few years, it would take 112 years for the cemetery to reach capacity, not counting the additional 10 acres of empty land. Given the remote nature of the District, as well as the need for interment services, the public service is adequate.

<sup>17</sup> [http://www.sbcounty.gov/lafco/items/201211/Item\\_7.pdf](http://www.sbcounty.gov/lafco/items/201211/Item_7.pdf)

#### 4. Financial ability of agencies to provide service

To make the required service review determination of an agency's financial ability to provide services, LAFCO referenced the agency's own financial documents (audits, budgets, capital improvement program). Unlike the financial reviews for the City and Water District, the following financial review for the Cemetery District does not include Fiscal Indicators. Due to the District having three operating funds, each fund warrants a separate review and cannot be combined into fiscal indicator figures.

##### A. Overview

Revenues are composed of service fees, the District's share of the general property tax levy, and interest. The vast majority of the revenues are derived from service fees. The District does not offer a defined payment retirement plan to its employees; therefore, it does not have any pension liability. The District is currently discussing with CalPERS the possibility of joining the plan, which would not take effect until FY 2023/24.

The most recent audit, FY 2020/21, identifies that assets exceeded liabilities at the close of the year by \$587,730.

##### B. Funds

The District maintains three operating funds with the County Treasury, which are listed below. A local checking account is maintained for depositing cash and monies received until they are transferred to the County Treasury.

- General Fund: for regular income and expenses
- Pre-Need Fund: for the sale of reserve space for future burial
- Endowment Fund: remains in perpetuity, only the interest and gains can be used

##### *General Fund*

The fund labeled "General" is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

A trend of operating gains or deficits is a key indicator of the financial health of an agency. The figure below shows the General Fund balance for the period of FY 2015/16 through FY 2020/21. The fund balance has decreased by 108% within five years. This is primarily due to roughly \$122,000 in capital outlay during 2020/21.

Note that in also 2015/16, a large capital expense accounts for the deficit for that year. What this reveals is a lack of reserves to cushion necessary capital purchases. Moreover, any unexpected expenses could further challenge the General Fund, prompt service reduction, fee increases, or cause the General Fund to enter into negative territory and result in a running deficit.



Also noteworthy is the ending fund balance of negative \$7,768 for FY 2020/21. This circumstance is not due to a lack of cash or operating in the negative. In FY 2015/16, the District made a transfer from the Endowment Fund to the General Fund of \$138,521. The purpose of the transfer was related to capital improvements. It has recently been determined that \$80,000 of this transaction was actually principal (only interest can be used) and incorrectly transferred from the Endowment Fund to the General Fund. Accounting standards are counting this circumstance as an interfund loan, which means that the General Fund incurs \$80,000 as Accounts Payable. In other words, accounting standards have lessened the fund balance by \$80,000 even though cash was not lessened.

District management has indicated that it has formulated a repayment plan to repay the Endowment Fund of said amount.

**Table III-8: Cemetery District General Fund Balance**

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	5 yr Var
<b>REVENUES</b>							
Charges for services	19,571	23,464	26,508	53,777	33,263	30,596	56%
Property taxes	183,587	186,353	192,777	197,292	205,801	233,456	27%
Other	11,718	4,858	16,876	3,426	1,231	2,273	-81%
Total Revenue	\$ 214,876	\$ 214,675	\$ 236,161	\$ 254,495	\$ 240,295	\$ 266,325	24%
<b>EXPENDITURES</b>							
Salaries & Benefits	186,404	188,507	185,153	154,418	137,990	183,829	-1%
Services & Supplies	49,891	51,733	53,474	37,415	57,938	98,140	97%
Capital Outlay/Other	177,540	18,796	34,266	25,996	91,998	179,940	1%
Total Expenditures	\$ 413,835	\$ 259,036	\$ 272,893	\$ 217,829	\$ 287,926	\$ 461,909	12%
Revenues less Expend.	(198,959)	(44,361)	(36,732)	36,666	(47,631)	(195,584)	
<b>OTHER FINANCING</b>							
Transfers In	143,144	11,924	19,971	9,572	24,809	111,091	
Fund Balance Begin	158,322	102,507	70,070	53,309	99,547	76,725	-52%
<b>Fund Balance End</b>	<b>\$ 102,507</b>	<b>\$ 70,070</b>	<b>\$ 53,309</b>	<b>\$ 99,547</b>	<b>\$ 76,725</b>	<b>\$ (7,768)</b>	<b>-108%</b>

### *Endowment Fund*

The District maintains an Endowment Fund which includes monies paid for every interned person to be held as a perpetual endowment. Pursuant to State law, the board of trustees may not spend the principal of the Endowment Fund. However,

the principal can be invested in securities and obligations, and the interest and gains may be spent from the investments (§9065(e)).

Note that in FY 2015/16, the District made a transfer from the Endowment Fund to the General Fund of \$138,521. The purpose of the transfer was related to capital improvements. It has recently been determined that \$80,000 of this transaction was incorrectly transferred (see discussion above). Additionally, in 2020/21 a transfer of interest to the General Fund occurred for pay for capital improvements.

The figure below shows the fund balance of the Endowment Care fund for the same time period.

**Table III-9: Cemetery District Endowment Fund**

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	5 yr Var
<b>REVENUES</b>							
Charges for services	2,289	5,094	3,775	5,369	6,966	5,337	133%
Interest & investment	3,809	1,827	557	6,665	5,458	1,984	-48%
Total Revenue	\$ 6,098	\$ 6,921	\$ 4,332	\$ 12,034	\$ 12,424	\$ 7,321	20%
<b>EXPENDITURES</b>							
Total Expenditures	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ -	
Revenues less Expend.	6,098	6,921	4,332	12,034	12,284	7,321	20%
<b>OTHER FINANCING</b>							
Other							
Transfers In (Out)	(138,521)	-	-	-		(61,591)	
Fund Balance Begin	357,973	225,550	232,471	236,803	248,837	261,121	-27%
<b>Fund Balance End</b>	<b>\$ 225,550</b>	<b>\$ 232,471</b>	<b>\$ 236,803</b>	<b>\$ 248,837</b>	<b>\$ 261,121</b>	<b>\$ 206,851</b>	<b>-8%</b>
<b>*Endowment Principal</b>	<b>\$224,935</b>	<b>\$212,812</b>	<b>\$232,524</b>	<b>\$214,563</b>	<b>\$255,415</b>	<b>\$206,571</b>	<b>-8%</b>
sources: Statement of Revenues, Expenditures, and Fund Balances and Balance Sheets							

*Pre-Need Burial Fund (fiduciary fund)*

Fiduciary funds are used to account for assets held by the District as an agent or trustee for individuals, private organizations, other governments and/or other funds. The Pre-Need Burial Fund is a private-purpose trust fund that transfers funds from its earnings to the General Fund to finance burial expenditures.

The District provided information demonstrating adequate tracking of the Pre-Need Burial Fund. This fund experiences an annual increase and appears to be healthy.

**Table III-10: Cemetery District Pre-Need Fund**

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	5 yr Var
<b>NET ASSETS</b>							
Unrestricted							
Restricted	217,239	228,905	226,239	232,738	238,732	206,806	8%
<b>Total net assets</b>	<b>\$ 217,239</b>	<b>\$ 228,905</b>	<b>\$ 226,239</b>	<b>\$ 232,738</b>	<b>\$ 238,732</b>	<b>\$ 206,806</b>	<b>7%</b>
source: Statement of Fiduciary Net Position							

*Long-term Debt*

The District’s long-term debt obligations consist of compensated absences payable (\$3,628) and a Trust Corpus Note (\$80,000) owed from the General Fund to the Endowment Fund.

**5. Status of, and opportunities for, shared services**

The District does not have any shared services with other agencies at this time. An opportunity may exist for the District to lease its non-used land to other public agencies. Government Code Section 9054 permits a district to use or lease land acquired for future cemetery use to a public agency for recreational use. The District identifies that approximately ten acres are unused at this time.

See Part III, Section 3 of this report for a review of the opportunities for coordination of services and facilities.

**6. Accountability for community service needs, including government structure and operational efficiencies**

**A. Governmental Structure**

The District is an independent special district with a five-member appointed board of trustees (see table below) and operates under Public Cemetery District Law (Division 8, Part 4 of the Health and Safety Code). Currently, the District is authorized by LAFCO to provide the function of cemetery pursuant to the Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts.

The Board meets monthly, on the third Tuesday of every month, at 5:30 p.m. in the District offices located at 5350 Encelia Drive in Twentynine Palms. Meetings are open to the public.

The District uses a cloud-based archive (CemSites) to account and mark its sites. Via the District’s website, the public may access the program to find a site or interned name.

**Table III-11: Cemetery District Board of Trustees**

Trustee	Title	Term
Kevin Cole	Chairperson	2020 - 2024
JoAnn Larsen	Vice-Chairperson	2020 - 2024
Francisco Romo	Trustee	2022 - 2026
Rebecca Rinkes	Trustee	2020 - 2024
Meredith Plumber	Trustee	2022 - 2026

**B. Website Transparency**

Senate Bill 929 added Government Code Sections 6279.6 and 53087.8 to provide the public easily accessible and accurate information through agency websites. By January 1, 2020, every California independent district is required to maintain a website.

The table, below, is not an exhaustive inventory of website criteria required under current law. Rather, it identifies key components (required by the Government Code and/or recommended by the California Special Districts Association and other organizations) for websites to enhance transparency and accountability.

Government Code Sections 54954.2 and 54957.5 require agencies to post all agendas 72 hours in advance on their websites. Government Code Section 6253 requires that agencies post content most requested by constituents (and most often requested via Public Record Act requests). Because of the difficulty for LAFCO staff to verify this information, these criteria are not included in the website checklist. However, agencies should address these criteria to comply with current website requirements.

**Table III-12: Cemetery District Website Transparency**

<b>Twentynine Palms Cemetery District Website Checklist</b>			
website accessed 1/1/2022 <a href="https://www.29Palmscemetery.org">https://www.29Palmscemetery.org</a>			
<b>Required</b>			
		<b>Yes</b>	<b>No</b>
Government Code §53087.8	Agency maintains a website with current contact information? <i>(required for independent special districts by 1/1/2020)</i>	X	
Government Code §6270.5	Agency has created an Enterprise System Catalog and posted it to website?	X	
Government Code §54954.2	Agency has current agenda posted to website homepage and is accessible through a prominent, direct link?	X	
Government Code §53908	Agency's website provides information on compensation of elected officials, officers and employees or has link to State Controller's Government Compensation website?	X	

SERVICE REVIEW FOR THE TWENTYNINE PALMS COMMUNITY

<b><i>The following criteria are recommended for agency websites by a number of governance associations and organizations.</i></b>		
	<b>Yes</b>	<b>No</b>
Description of services?	X	
Service area map?	X	
City Council schedule?	X	
Budgets (past 3 years)?	X	
Audits (past 3 years)?	X	
List of elected officials and terms of office?	X	
List of key agency staff with contact information?	X	
Meeting agendas/minutes (last six months)?	X	
<i>Notes:</i>		

**APPENDIX A:  
Comments to the First Draft and LAFCO Staff Responses**



# LAFCO

## Local Agency Formation Commission *for San Bernardino County*

1170 West 3rd Street, Unit 150  
San Bernardino, CA 92415-0490  
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lafco@lafco.sbcounty.gov  
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### COMMISSIONERS

JOE BACA, Jr.  
Board of Supervisors

JIM BAGLEY, Chair  
Public Member

DR. KIMBERLY COX  
Special District

PHILL DUPPER  
City Member

STEVEN FARRELL  
Special District

CURT HAGMAN  
Board of Supervisors

ACQUANETTA WARREN, Vice Chair  
City Member

### ALTERNATES

RICK DENISON  
City Member

JIM HARVEY  
Public Member

KEVIN KENLEY  
Special District

DAWN ROWE  
Board of Supervisors

### EXECUTIVE OFFICER

SAMUEL MARTINEZ

### LEGAL COUNSEL

PAULA DE SOUSA

September 6, 2022

Matt Shragge, General Manager  
Twentynine Palms Water District  
72401 Hatch Road  
Twentynine Palms, CA 92277

RE: Response to District Comments regarding LAFCO  
First Draft to Service Review

Dear Mr. Shragge:

Thank you for taking the time to review the Service Review for the Twentynine Palms Community. LAFCO has received your comments on the First Draft. This letter responds to your comments in the order outlined in your letter.

1. You request that the report identify additional alternatives for addressing wastewater. I address each potential alternative in order.

A. *A City Department to address wastewater to the incorporated portion.*

The vast majority of the overall Twentynine Palms Community is within the City. Not addressing the unincorporated portions would disenfranchise those areas, especially those who desire a connection to a municipal system.

B. *Creation of a regional special district.*

Since 1972, San Bernardino LAFCO has had a policy regarding Priorities for Annexation and Formation, shown below:

**PRIORITIES FOR ANNEXATION AND FORMATION** (Adopted April 12, 1972; Amended August 27, 1986.)

The Commission will consider the following priorities or guidelines for annexation and formation with the provision that overriding circumstances must be stated in exceptions:

- A. Annexation to an existing city or district instead of formation of a new agency.
- B. Annexation to a city rather than a district if both can provide comparable services.
- C. Annexation to a multi-purpose district in preference to annexation to a single purpose district.
- D. Formation of a new political entity as the last and least desirable alternative.

The Twentynine Palms community currently has two agencies whose parent acts allow for multiple purposes: the City of Twentynine Palms and the Twentynine Palms Water District. Therefore, the creation of a new regional special district is not the preferred alternative.

However, the policy has a provision for overriding circumstances. These overriding circumstances are addressed in the introduction to the Local Government Reorganization Act (Government Code Section 56001). The Section identifies that the State's interest is to have multi-purpose agencies rather than single-purpose agencies. Nevertheless, it does recognize the role of single-purpose agencies in rural areas. Below is an excerpt from §56001.

*The Legislature finds and declares that a single multipurpose governmental agency is accountable for community service needs and financial resources and, therefore, may be the best mechanism for establishing community service priorities especially in urban areas. Nonetheless, the Legislature recognizes the critical role of many limited purpose agencies, especially in rural communities. The Legislature also finds that, whether governmental services are proposed to be provided by a single-purpose agency, several agencies, or a multipurpose agency, responsibility should be given to the agency or agencies that can best provide government services.*

C. *Expanding the authorized services of the District to include construction and operation.*

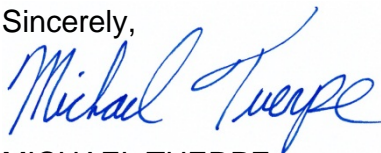
The following paragraph is changed on page 38 (red notes the changes).

Two local agencies have the authority to plan for a future wastewater system: (1) the City as a municipality can provide collection and/or treatment **within its boundaries**, and (2) the Water District is authorized by LAFCO the Sewer function but with services limited to Planning and Engineering, **although the District can apply to LAFCO to expand its authorized services to include the full range of wastewater services throughout its jurisdiction.**

2. The report identifies that the City is the default wastewater agency. You request that the report clarify that the City is the default wastewater agency *within its boundaries*. This is now clarified on page 10 under the City's description and page 38 as identified above.

Should you have any questions on this letter, or the service review in general, please feel free to contact the LAFCO office.

Sincerely,



MICHAEL TUERPE  
Senior Analyst



Local Agency Formation Commission  
San Bernardino County  
1170 W 3rd St  
Suite #150  
San Bernardino, CA 92415

Subject: Comments About Track Changes of Service Review Requested by City of  
Twentynine Palms on September 11, 2021

Thank you for sharing the Local Agency Formation Commission of San Bernardino County's (LAFCO) track changes of the service review requested by the City of Twentynine Palms (the City) on September 11, 2021. For the most part, we are pleased that you addressed the topics we presented in our comments about the working draft you previously allowed us to review. We have remaining comments that we hope that you will consider about two of the track changes.

### Consolidation/Collaboration Not LAFCO Recommendations

We appreciate LAFCO staff's acknowledgement on page 6 that consolidation/collaborations are not recommendations by LAFCO currently. We take LAFCO's word that the question of consolidation was a means to measure the potential efficiencies requested by the City was intended to aid in the analysis. To better inform the public, we would like to request that a list of potential alternatives for addressing the issue of wastewater be included. Such alternatives include a City department to address wastewater within the City's boundaries; creation of a regional special district only to address wastewater; and potentially expanding the Water District's charter adding construction and operation of a regional wastewater system to its current acknowledged role in planning and engineering.

### City as Default Wastewater Agency – Within Its Boundaries

On page 10 there are track changes re-affirming the role of the City of Twentynine Palms as the default wastewater agency. We would like to request that LAFCO add a clarification that such is the case *within the city's boundaries*. We were pleased to see the track changes on page 21 acknowledging the potential disenfranchisement of Desert Heights residents in a scenario where the water district would be dissolved in favor of establishing a water department within the city. Since these issues are logically connected in the narrative of the report, we believe that the clarification affirming the City's primacy in managing wastewater within its boundaries is justified.

We look forward to our upcoming discussions with LAFCO Commissioners about the service review requested by the City of Twentynine Palms. Once again, thank you for acknowledging our comments about the working draft, as well as for your consideration of comments about the track changes.

Sincerely yours,



Matthew Shragge  
General Manager



## APPENDIX B: Acronyms and Definitions

### Acronyms

AF	Acre Feet
CALPERS	California Public Employees' Retirement System
CIP	Capital Improvement Plan
DAC	Disadvantaged Community
DUC	Disadvantaged Unincorporated Community
EMS	Emergency Medical Services
FY	Fiscal Year
GIS	Geographic Information System
LAFCO	Local Agency Formation Commission
MSR	Municipal Service Review
NPL	Net Pension Liability
OPEB	Other Post-Employment Benefits
SBCFPD	San Bernardino County Fire Protection District
SOI	Sphere of Influence
TPFD	Twentynine Palms Fire Department
TPWD	Twentynine Palms Water District
UWMP	Urban Water Management Plan

### Definitions

Acre Feet - An acre foot of water is a common way to measure water volume and use. An acre foot of water equals about 326,000 gallons, or enough water to cover an acre of land 1-foot deep.

Capital Improvement Plan/Program – A capital improvement plan or program is a short-range plan, usually five to ten years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan.

Contract City – A contract city is a term used for a city that contracts for the provision multiple municipal services with another unit of government or with a private or commercial organization. The City of Twentynine Palms, which contracts for police and fire services, among other services, is considered a contract city.

Dependent Special District – A special district whose board of directors is another legislative body, such as a city council or board of supervisors.

General Plan – A city’s general plan serves as a blueprint for the future, prescribing policy goals and objectives to shape and guide the physical development of the City.

Geographic Information System - A Geographic Information System (GIS) is a computer system that analyzes and displays geographically referenced information. It uses data that is attached to a unique location.

Government Fund – A fund used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include the operations and maintenance of the cemetery.

Horizontal Consolidation - Between adjacent units of government may be pursued to merge services or combine resources or tax base.

Independent Special District – A special district that has a directly elected board of directors.

LAFCO - Local Agency Formation Commissions are State-mandated, independent agencies with countywide jurisdiction over changes in organization and boundaries of cities and special districts including annexations, detachments, incorporations, and formations. There are 58 LAFCOs in California – one in each of the State’s 58 counties.

Municipal Services - Basic services that residents expect the local government to provide in exchange for the taxes paid. Basic municipal services may include water, sewer, refuse, roads, library, fire protection, emergency medical, law enforcement, parks and recreation and transportation. Some municipal services overlap with the social services category. The government may provide these services directly or contract to third party. The available services for any individual government will depend on location, history, geography, statutes and tradition. Provided services vary amongst countries, states, counties, cities, and communities.

Other Post-Employment Benefits – Benefits, other than pensions, that are provided to retired employees. These benefits principally involve health care benefits, but may also include life insurance, disability, legal and other services.

Reorganization - Two or more changes of organization initiated in a single proposal.

Special District – A local government agency formed pursuant to general law of the state or special act.

Sphere of Influence – A plan for the probably physical boundaries and service area of a local agency, as determined by the Commission (Gov Code §56076). Spheres both

proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development. The requirement for LAFCOs to conduct service reviews was established to acknowledge the importance of spheres of influence, and recognize that periodic updates of agency spheres should be conducted with the benefit of current information available through service reviews.

Social Services – Services that may include healthcare, welfare, job placement, and transition assistance. Some social services overlap with the municipal services category. The government may provide these services directly or contract to third party. The available services for any individual government will depend on location, history, geography, statutes and tradition. Provided services vary amongst countries, states, counties, cities, and communities.

Subsidiary District – A district of limited powers for which a city council is designated as the ex-officio board of directors of the district. At least 70 percent of the district territory and 70 percent of the district's registered voters must be within the city limits for a district to become a subsidiary district.

Urban Water Management Plan - Urban Water Management Plans are prepared by urban water suppliers every five years. These plans support the suppliers' long-term resource planning to ensure that adequate water supplies are available to meet existing and future water needs.

Vertical Consolidation - Between overlapping units of government, such as a municipality and a special district, may better coordinate public services, reduce administrative costs, or enhance civic participation.

**APPENDIX C:  
Primers**

1. Disadvantaged Communities
2. Onsite Wastewater Treatment Systems
3. Spheres of Influence

## Disadvantaged Communities

The State of California adopted a definition of disadvantaged community (or “DAC”) through passage of Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002. This measure added §79505.5(a) to the California Water Code and defines a disadvantaged community as a “*community with an annual median household income that is less than 80 percent of the statewide annual median household income.*” For 2021, 80% of the statewide median household income is \$60,188.<sup>18</sup> State law requires various entities (i.e. LAFCO, cities and counties, and water agencies) to, in some manner, identify disadvantaged communities, which can be located in both incorporated and unincorporated areas.

### Disadvantaged Unincorporated Communities

Gov. Code §56033.5 defines DUCs as “...*inhabited territory [12 or more registered voters]...or as determined by Commission policy, that constitutes all or a portion of a “disadvantaged community”... with less than 80% of the median household income.*”

Particular to LAFCOs, the state mandate is to identify the location and characteristics of disadvantaged unincorporated communities (or “DUCs”). Gov. Code §56375 specifically prohibits an annexation to a city of any territory greater than ten acres where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation unless an application to annex the entire disadvantaged unincorporated community has also been filed.

### Need for Consistency

The DAC definition, as defined in Water Code §79505.5(a), differs from the definition of a DUC in two important ways: (1) a DUC must be inhabited, and (2) DUCs comprise unincorporated territory only, not territory within cities. For purposes of further defining a DUC, San Bernardino LAFCO policy defines a community as an *inhabited area comprising no less than 10 dwelling units adjacent or in close proximity to one another.*

Alternatively, Gov. Code §65302.10 (General Plans) identifies a DUC as being 80% or less than the median household income. This is in contrast to Water Code §79505.5 and Gov. Code §56033.5 which reads less than 80%.

Other State agencies, such as the California EPA, use alternative criteria to identify disadvantaged communities for grant funding purposes. The different criteria used to identify disadvantaged communities at the local and state government levels is confusing and complicates implementation of a consistent approach to addressing our disadvantaged residents. While staff recognizes the difficulty in developing a one-size-fits-all definition, LAFCO staff’s position is that additional work should occur Statewide to develop a method for identifying disadvantaged communities that is more consistent yet recognizes the diversity of communities and geographies in California.

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<sup>18</sup> Environmental Systems Research Institute (ESRI)

## Onsite Wastewater Treatment Systems

According to the State Regional Water Quality Control Board<sup>19</sup>, onsite wastewater treatment systems (“OWTS”) are defined as “...individual systems, community collection and disposal systems, and alternative collection and disposal systems that use subsurface disposal.” When properly sited, designed, operated and maintained, OWTS treat domestic wastewater to reduce its polluting impact on the environment and protect public health. In June 2012, it was estimated by the Regional Board that there are more than 1.2 million onsite systems, the majority which are septic tanks, operating in California.

As waste flows into the tank, heavier solids sink to the bottom, forming the “sludge” layer. Solids are decomposed by the anaerobic bacterial action of the sludge. In theory, a relatively harmless effluent will be produced, and under proper soil conditions, further decontamination can occur. Even under ideal conditions, eventually the amount of sludge will interfere with the bacterial digestive action, and it must be pumped for off-site disposal.

The majority of OWTS operate in a satisfactory manner, and in some cases, remain the only viable option for sewage treatment for locations removed from centralized wastewater treatment systems. However, there are instances in California where OWTS fail to protect water quality and public health. Some common reasons for OWTS failure include:

- Poor design and improper site conditions
- Improper and/or deferred system maintenance
- High geographic concentration of OWTS resulting in a combined effluent flow that cannot be assimilated into the environment

When a community sewer is not available, and a property improvement will generate wastewater, the property owner must demonstrate the following to San Bernardino County Department of Environmental Health to verify the lot will support onsite wastewater disposal:

- Soils are conducive to onsite wastewater disposal.
- Sewer is not available within 200 feet (plus 100 feet per dwelling unit thereafter).
- Enough area is available to install a septic system that meets proper setbacks (for new construction, 100% expansion area must be available).
- OWTS will not impact ground or surface water.
- OWTS is sized appropriately to serve the intended land use.

As California’s population continues to grow, the development of higher density housing in rural areas and in more varied terrain increases the risk of OWTS creating public environmental and health issues. Improperly maintained or failing OWTS can result in the discharge of pathogens, nitrates, salts, household chemicals, oils and grease into the environment. As conditions and circumstances change around particular locations, increased scrutiny is necessary to properly site, operate and professionally maintain OWTS.

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<sup>19</sup> Water Quality Control Policy for Siting, Design, Operation and Maintenance of Onsite Wastewater Treatment Systems (CA Water Boards 2012)



## Spheres of Influence

Government Code Section 56076 defines a "sphere of influence" as a plan for the probable physical boundaries and service area of a local agency, as determined by LAFCO.

The purpose of a sphere of influence is to encourage the logical and orderly development and coordination of local government agencies to provide for the present and future needs of the county and its communities. The statement of purpose adopted by San Bernardino LAFCO for spheres of influence include seven points. Those pertinent to this study are:

- To promote orderly growth of communities, whether or not services are provided by a city or district (board governed or independently governed);
- To encourage economical use and extension of facilities by assisting governmental agencies in planning the logical and economical extension of governmental facilities and services, thereby avoiding duplication of services;
- To provide assistance to property owners in relating to the proper agency to comprehensively plan for the use of their property;
- To encourage the establishment of urban-type services only within an adopted sphere of influence.

San Bernardino LAFCO has adopted ten polices related to a sphere of influence. Those pertinent to this analysis are:

- **RESPONSIBILITY/OBLIGATION FOR A SPHERE OF INFLUENCE AREA**

When a sphere of influence is assigned, a city or district is required to commence long range land use and service planning activities, thereby enabling it to respond to any annexation requests it might receive from landowners or residents within the sphere. By accepting a sphere of influence, a city or district agrees to plan for the provision of services.

- **URBAN DEVELOPMENT WITHIN A CITY SPHERE**

LAFCO takes the position that any new urban development which occurs within a city sphere of influence should take place as close to the city's urban area as possible. This position is emphasized for two reasons: first, so that contiguous areas may easily be annexed to the city; and secondly, so that the new urban area can be served by reasonable extension of the city's already developed municipal services.

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