

# LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO

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**DATE:** JANUARY 13, 2010

**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
MICHAEL TUERPE, LAFCO Analyst

**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT:** Agenda Item #11: Service Reviews for the Communities of Indian Wells Valley, Red Mountain, and Searles Valley

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**INITIATED BY:**

San Bernardino Local Agency Formation Commission

## INTRODUCTION

San Bernardino LAFCO has chosen to undertake its Service Reviews on a regional basis. By action taken in February 2002, the Commission divided the county into five separate regions, with the North Desert Region defined as the territory north of the San Bernardino/San Gabriel Mountains, east of the Los Angeles County line, south of the Inyo County line, and generally west of the Mojave Water Agency boundary. The North Desert region service reviews/sphere of influence updates were originally initiated in November 2004.

In the interim, completion of the Service Review program was deferred through consultation with the Commission in order to complete the considerations of the County Fire Reorganization, Formations of the Helendale and Phelan Pinon Hills CSDs, and the Island Annexations for the Cities of Fontana, Loma Linda, and Montclair. In January 2008, LAFCO staff returned to these reviews requesting updated information.

This report is for the agencies in the northwestern portion of the county and is unique in a few regards:

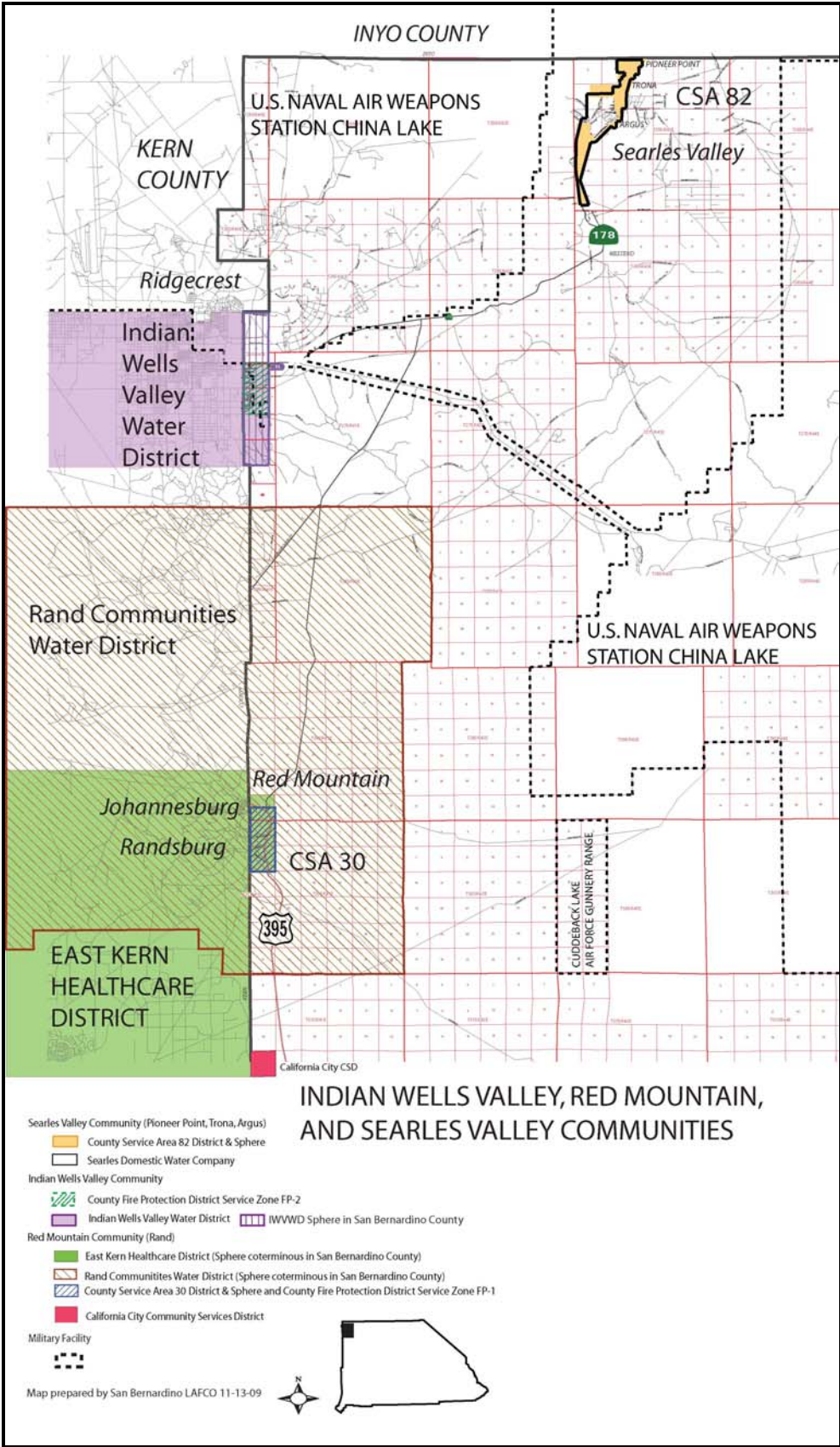
- First, this report contains service reviews and sphere updates for four distinct communities, however they are organized into one staff report due to their proximity to each other and removed location from the remainder of the county and their interplay with Kern County regional agencies and communities.

- Second, Kern County is the principal county for three of the districts in this report. These districts' spheres of influence have been addressed by Kern LAFCO as extending into San Bernardino County. However, San Bernardino LAFCO has not acknowledged the districts' spheres of influence in San Bernardino County. This unique circumstance is addressed in one staff report.
- This is the final service report for the north desert agencies.

As noted in previous discussions, the Commission has adopted policies related to its sphere of influence program determining that it will utilize a community-by-community approach to sphere of influence identification. This report is organized as follows:

- **Water Discussion** – a discussion on regional water to include groundwater basins, State Water Project water, water hauling, and water rates.
- **Red Mountain Community**
  - LAFCO 3017 - Service Review and Sphere of Influence Update for County Service Area 30
  - LAFCO 3043 - Service Review and Sphere of Influence Update for East Kern Healthcare District (principal county Kern)
  - LAFCO 3044 - Service Review and Sphere of Influence Update for Rand Communities Water District (principal county Kern)
  - LAFCO 3145 – Service Review and Sphere of Influence Update for California City Community Services District.
- **Searles Valley Community**
  - LAFCO 3025 - Service Review and Sphere of Influence Update for County Service Area 82
  - Service Review for the Searles Valley Water Company (private water provider)
- **Indian Wells Valley Community**
  - LAFCO 3027 – Service Review and Sphere of Influence Update for Indian Wells Valley Water District (principal county Kern)

A comprehensive map showing each agency listed above, in addition to two special tax service zones to the San Bernardino County Fire Protection District, is shown below and is included as a part of Attachment #1.



## **WATER DISCUSSION**

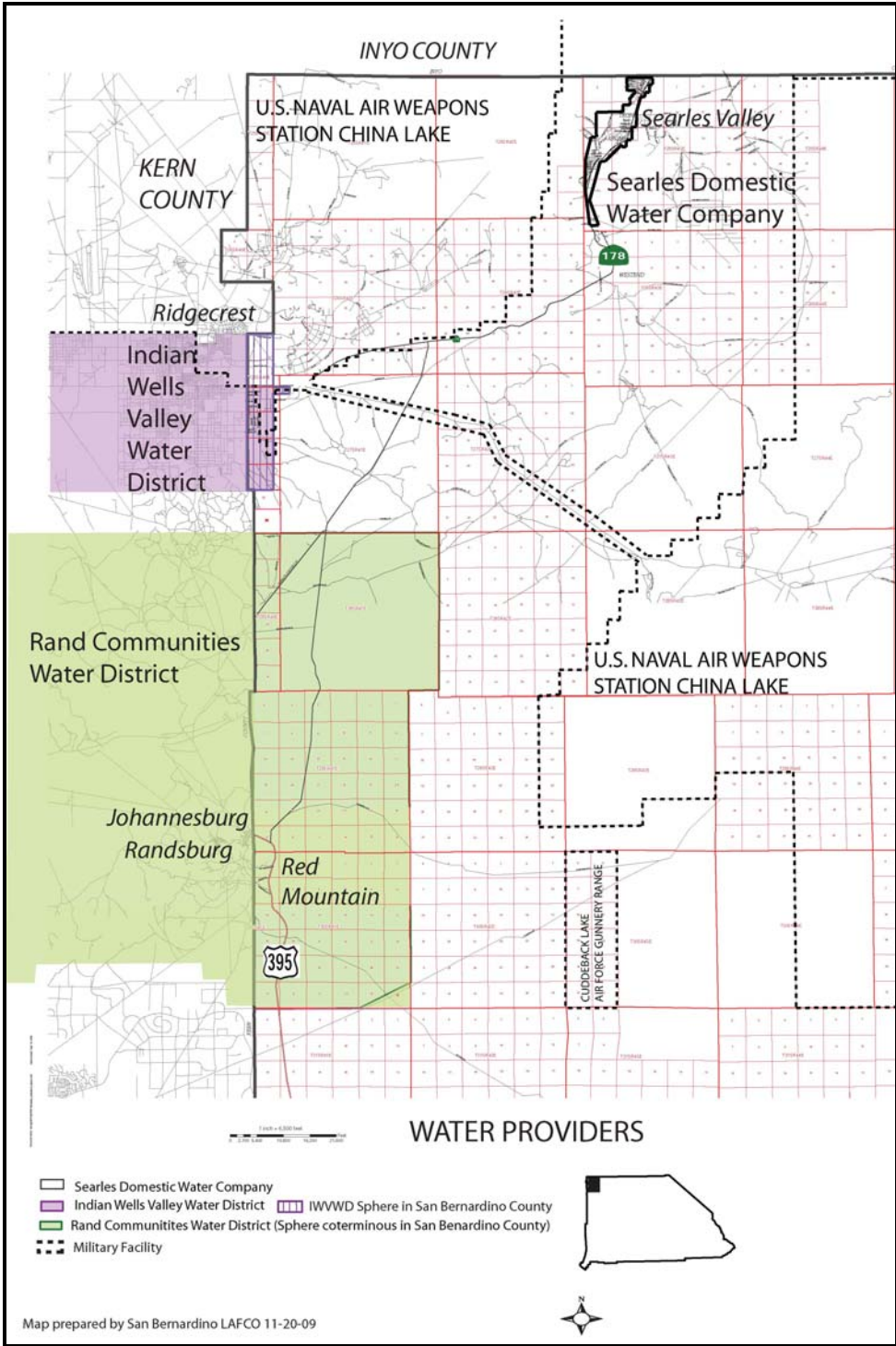
Public agencies providing retail water service within these communities are the Indian Wells Valley Water District (principal county Kern) and Rand Communities Water District (principal county Kern). Additionally, the Searles Domestic Water Company, a private water company, is the only identified water provider within the Searles Valley community. Information regarding Searles Domestic Water Company was obtained to allow staff to better process the service reviews and sphere updates for the agencies under LAFCO's purview. Searles Domestic Water Company is not under LAFCO purview, therefore only information related to a service review is provided for this report. In the areas not within a retail water provider, it is understood that water service to those developed properties is provided through on-site wells or hauled bulk water.

### Regional Water

As we all are aware, water is a scarce resource in the Mojave Desert. Without the accessibility to State Water Project supplemental water coupled with annual rainfall ranging from three to six inches, conservation efforts are paramount. The three water providers discussed in this report are within the South Lahontan Hydrologic Region of the state, but are located in separate groundwater basins: Indian Wells Valley Water District in the Indian Wells Valley basin, Rand Communities Water District in the Fremont Valley and Cuddeback basins, and Searles Domestic Water Company in the Searles Valley basin. Information on the three basins was obtained from the California Groundwater Bulletin 118 and the California Water Plan Update 2005. A review of the literature indicates that, generally, the groundwater is adequate to supply the existing uses. However, in each of the basins hydrographs indicate consistently declining groundwater elevations since the 1960s. Further, more recent findings are not readily available for the Searles Valley basin due to its remote location, small size, and low residential population.

Additionally, within San Bernardino County the Indian Wells Valley Water District and Rand Communities Water District are within the boundaries of the Mojave Water Agency (state water project contractor) but do not have access to State Water Project water and are not within the adjudicated boundary of the Mojave Watermaster.

A map of these agencies is included as a part of Attachment #1 and is shown below.



Bulk Hauled Water

Each of the three water agencies located in this part of the county have established water rates for bulk water for domestic household purposes and for commercial establishments. In a joint letter to county planning and building departments in 2003, the California Department of Health Services and the California Conference of Directors of Environmental

Health specify that, “bulk hauled water does not provide the equivalent level of public health protection nor reliability as that provided from a permanent water system from an approved onsite source of water supply.” This statement is based on five potential public health risks for hauled water:

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

The letter further states that hauled water for domestic purposes should only be allowed to serve existing facilities due to a loss of quantity or quality and where an approved source cannot be acquired. A copy of this letter is on-file at the LAFCO staff office. However, those without connection to a domestic water system or without individual wells on their property must rely on hauled water for domestic and other uses.

Water Rates

A comparison of the residential water rates charged by the agencies in this area of the county as well as the Barstow and northern Victor Valley is identified in the chart below.

**Water Agency Rate Comparison (2009)**  
(rates measured in units, or one hundred cubic feet)

Agency	Water Use Fee				Monthly Meter Charge (3/4" Meter)	Monthly Average Cost (20 units of water)
	Tier One	Tier Two	Tier Three	Tier Four		
Indian Wells Valley Water District <sup>1</sup>	0.71	0.88	1.09	1.32	22.92	\$44.29
Rand Communities Water District	36.50	45.40	45.41	-	-	\$154.98
Searles Domestic Water Company	1.63	3.34	5.48	-	10.07	\$63.19
Golden State Water Company – Barstow Service Area	2.15	2.47	-	-	18.70	\$62.97
Helendale CSD <sup>2</sup>	0.81	0.90	1.01	-	10.66	\$28.03
Apple Valley Ranchos Water Company	2.02	2.14	2.25	-	\$29.16	\$70.30
Golden State Water Company – Apple Valley Service Area	2.11	-	-	-	19.15	\$61.35
County Service Area 42 (Oro Grande)	1.64	1.82	1.97	-	34.39	\$68.27

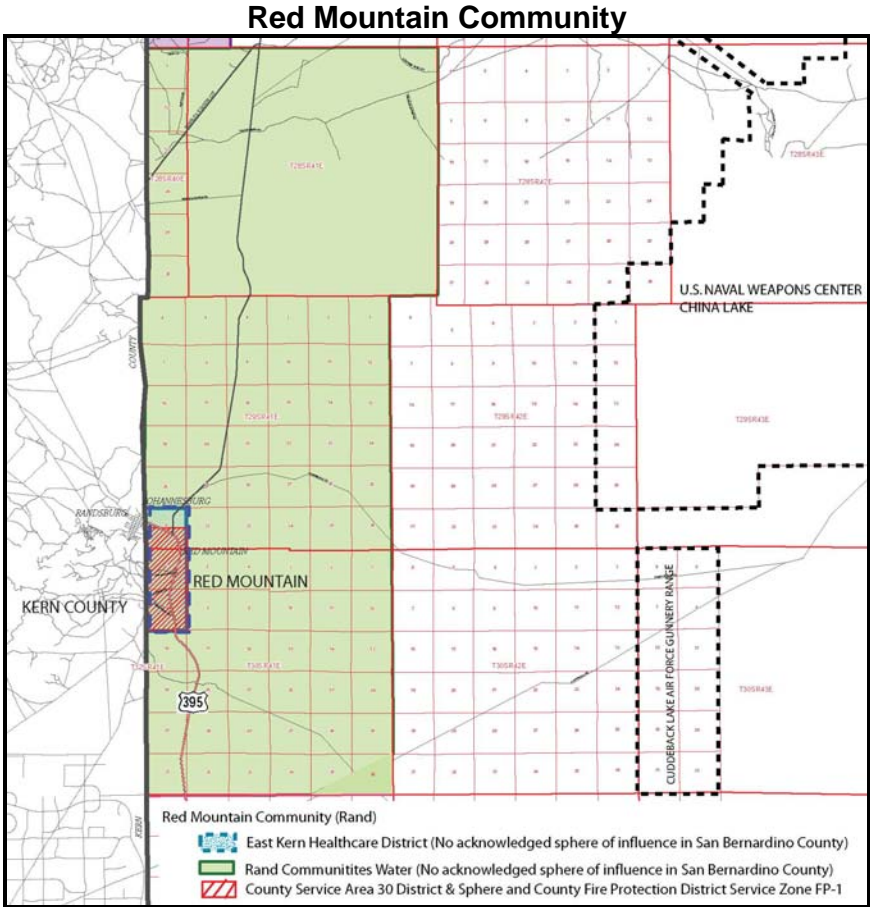
<sup>1</sup> Includes zone charge of \$0.204 per unit for pumping water to higher elevations in Zone C  
<sup>2</sup> Meter charge is for 1"

### RED MOUNTAIN COMMUNITY

Bordering the Kern County line along Highway 395 are three communities that comprise the greater Rand area of Kern and San Bernardino Counties (Randsburg and Johannesburg in Kern County and Red Mountain in San Bernardino County). County Service Area 30 (streetlights), East Kern Healthcare District (principal county Kern), and Rand Communities Water District (principal county Kern) provide direct service to Red Mountain. Service reviews and sphere updates are provided for these agencies.

The reorganization of the San Bernardino County Fire Protection District (LAFCO 3000), effective July 1, 2008, included the transfer of responsibility for fire and ambulance services within CSA 30's boundaries from CSA 30 to County Fire and the formation of County Fire Service Zone FP-1 within the same boundary. The companion proposal to the reorganization of County Fire, LAFCO 3001, included a service review for the former County Service Area 38 and its improvement zones. Therefore, a service review for County Fire Service Zone FP-1 is not provided in this report.

The Rand Communities Water District is larger than CSA 30 in San Bernardino County, but the service area of Rand CWD is limited to an area within the boundaries of CSA 30. Therefore, for the purposes of this report the Red Mountain community is generally defined by the coterminous boundaries of County Service Area 30 and County Fire Service Zone FP-1, as shown in the map below.



The Red Mountain community is served by multiple public agencies. The public agencies providing direct services to the residents and landowners within the community are:

- County Service Area 30 (streetlights)
- East Kern Healthcare District (principal county Kern)
- Kern County Fire Department (San Bernardino County Fire Protection District contracts with Kern County Fire Department to provide fire and emergency medical response services within the boundaries of the special tax Service Zone FP-1)
- Rand Communities Water District (principal county Kern)
- San Bernardino County Fire Protection District (hereafter shown as "County Fire"), its North Desert Service Zone, and special tax Service Zone of FP-1

Regional service providers include:

- County Service Area 70 (unincorporated County-wide)
- Mojave Desert Resource Conservation District
- Mojave Water Agency
- San Bernardino County Flood Control District

### **RAND AND RED MOUNTAIN COMMUNITY HISTORY:**

The following narrative provides a historical perspective of the community from information gathered from local history publications<sup>1</sup>, unless otherwise cited. The history of Red Mountain is related to the history of the Rand area; therefore, a brief history is provided for the Rand area as well.

The Rand area was initially settled during the Gold Rush in the early 1850s, after California was admitted into the United States but before the creation of Kern and San Bernardino Counties. The area was named after the Witwatersrand area of South Africa<sup>2</sup>. The three communities (Randsburg and Johannesburg in Kern County and Red Mountain in San Bernardino County) were formerly thriving mining towns, and of the three communities Johannesburg was established as the service community. The original name of Red Mountain was Osdick, named after one of the original miners. In 1898 the Randsburg Railroad extending from Kramer Junction was completed which allowed for greater shipping access from the mining towns and resulted in a population boom. In 1918 silver was found in Red Mountain which resulted in another mining boom. By the mid-1930s, mining in the Rand area was at its peak and the population was estimated around 4,000. Mining continued until 1942, when War Production Board Administrative Order L-208 closed gold mines on behalf of the war effort. Although silver mining was not affected by the Order, the

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<sup>1</sup> Casebier, Dennis G and the Friends of the Mojave Road. Guide to the East Mojave Heritage Trail. Tales of the Mojave Road Publishing Company, Norco, CA, 1989.

Various, Once Upon a Desert. Mojave River Valley Museum Association, Barstow, CA, 1994; Patricia Keeling, Editor.

<sup>2</sup> South African area famous for producing roughly half of the world's gold, includes the greater Johannesburg metropolitan area. Witwatersrand. (2009). In *Encyclopedia Britannica*. Retrieved 21 September 2009, from Encyclopedia Online: <http://www.britannica.com/EBchecked/topic/646296/witwatersrand>.



closure of the gold mines resulted in a drastic population decrease. With the price of gold rising in the 1980s, gold mining resumed in the area but a corresponding population boom did not occur. Today, Red Mountain is a small community along U.S. Highway 395 whose population is roughly 130, a fraction from its pre-World War II peak.

A brief history of the major governmental events for this community and its relationship with the Local Agency Formation Commission is described below, listed chronologically by end date. References to LAFCO, the Commission, or County are for San Bernardino County, unless otherwise noted.

- 1964            The County Board of Supervisors and the electorate approved the formation of County Service Area 30 to provide financing for the maintenance and operation of streetlights in the Red Mountain community.
  
- 1969            The Kern County Board of Supervisors and the electorate approved the formation of the East Central Kern County Water District (now known as Rand Communities Water District) in Kern and San Bernardino Counties in order to provide potable water to the communities of Randsburg, Johannesburg, and Red Mountain.
  
- 1973            The Commission establishes the sphere of influence for CSA 30 as being coterminous with its boundaries (LAFCO 1263). The staff report for this item stated that LAFCO staff recommended that the sphere boundaries be established as coterminous with its boundaries until there is sufficient water or a water pattern that would justify expansion of the sphere of influence.
  
- 1975            Due to lack of accessible medical care facilities in the California City and Rand areas, the City of California City submitted an application to Kern LAFCO to form a hospital district for the primary purpose of providing healthcare services to residents in the California City, Randsburg, and Johannesburg communities in Kern County and the Red Mountain community in San Bernardino County. Even though a city is authorized the power to operate medical care facilities and the creation of a hospital district would create a duplication of authorized providers, California City did not desire to provide the service. The East Kern Hospital District was formed following both Kern LAFCO and local voter approval and encompassed approximately 579 square miles with one square mile in San Bernardino County. There is no record of Kern LAFCO notifying San Bernardino LAFCO of the creation of a district extending into San Bernardino County.
  
- 1976            When special districts gained representation on the LAFCO Commission, the County responded to LAFCO's request to list CSA 30's active functions and services. The County identified to LAFCO that the only active function was streetlighting.
  
- 1977            The Commission approved the County's application to add the functions of area planning and fire protection to CSA 30. Planning powers were

requested in order to provide for a comprehensive planning study required by the Bureau of Land Management as part of procedures for Township proceedings to be contracted from County Planning Department. Fire protection powers were requested in order for fire protection services to be obtained by contract from Kern County Fire Department. Following LAFCO approval, the Board of Supervisors approved a contract with Kern County for Kern County Fire Department to provide fire protection services generally along Highway 395 from the Highway 58 intersection through Red Mountain up to Windy Acres adjacent to the City of Ridgecrest.

- 1978 Kern LAFCO established the sphere of influence for East Kern Healthcare District as coterminous with its boundaries. There is no record of Kern LAFCO notifying San Bernardino LAFCO of the sphere of influence extending into San Bernardino County.
- 1973-79 Between 1973 and 1979, Kern LAFCO established the sphere of influence for Rand Communities Water District as coterminous with its boundaries. There is no record of Kern LAFCO notifying San Bernardino LAFCO of the sphere of influence extending into San Bernardino County.
- 1980 Kern LAFCO approves the sphere of influence expansion and annexation to East Kern Hospital District of two square miles in San Bernardino County. There is no record of Kern LAFCO requesting information as to the land use or service obligations in relation to the annexation.
- 1998 Senate Bill 1169 re-wrote "Hospital District Law". The new law became known as "Local Health Care District Law" and deemed all hospital districts to be referred to as health care districts. Accordingly, East Kern Hospital District became known as East Kern Healthcare District.

**COUNTY SERVICE AREA 30 (RED MOUNTAIN)  
Service Review and Sphere of Influence Update**

**INTRODUCTION:**

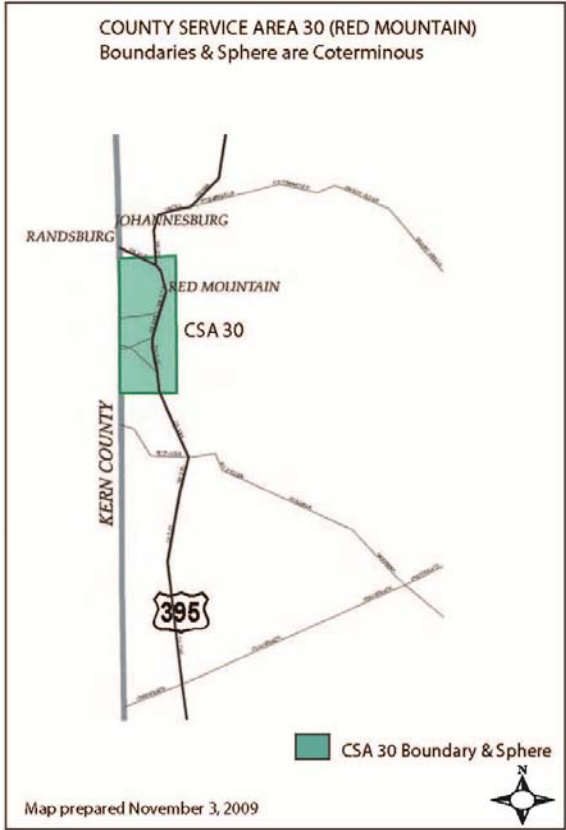
LAFCO 3017 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for County Service Area 30 (Red Mountain).

County Service Area 30 (hereafter shown as CSA 30) was formed in December 1964 by action of the County of San Bernardino Board of Supervisors for the primary purpose of providing streetlighting to the unincorporated Red Mountain community. The Red Mountain community is generally located along Highway 395 in the northwestern portion of the County bordering the Kern County line and is generally considered to be a part of the larger Rand community with territory in Kern and San Bernardino counties. CSA 30 is a dependent, or “board-governed” special district whose governing body is the County of San Bernardino Board of Supervisors. It operates under County Service Area Law (Government Code Section 25210 et seq.). Currently, CSA 30 is authorized by LAFCO to provide streetlighting and planning pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. However, CSA 30 has never actively utilized its Planning function.

As discussed in the balance of this report, LAFCO and County Special Districts Department staffs recommend affirmation of a coterminous sphere of influence for CSA 30.

**LOCATION AND BOUNDARIES:**

CSA 30 is located in the north desert portion of the County along Highway 395 and includes the community of Red Mountain. CSA 30 encompasses an area of approximately 2 ½ square miles and its boundaries and sphere of influence are coterminous. CSA 30 is bordered by the Kern County line on the west and is generally described as all that portion of the south 1/2 of Section 31 in T29S, R41E; and Sections 6 and 7 in T30S, R41E, Mount Diablo Meridian. A map of CSA 30 and its sphere of influence is shown below and included as a part of Attachment #2.



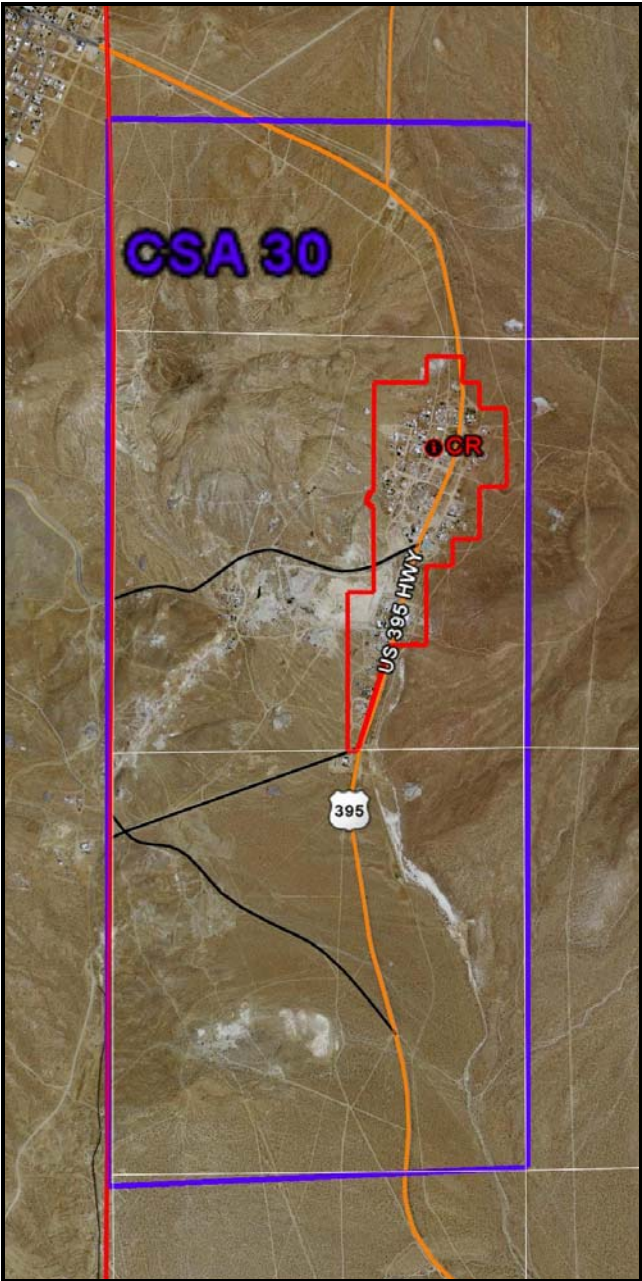
**SERVICE REVIEW**

The County Special Districts Department, administrators for board-governed special districts, prepared a service review consistent with San Bernardino LAFCO policies and procedures. The Department’s response on behalf of CSA 30 to LAFCO’s original and updated requests for materials includes, but is not limited to, the narrative response to LAFCO staff’s request for information and CSA 30’s audits and budgets. The Department’s response and supporting materials are included as a part of Attachment #2 and are incorporated in the information below.

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

In San Bernardino County, trends indicate a dwindling population in this northwestern most portion of the County since its pre-World War II peak. In the late 1970s, the population for this area was approximately 400. According to the 2000 Census, the area had a population of roughly 130 people located along Highway 395. The County of San Bernardino has assigned general plan land use designations of Resource Conservation and Rural Commercial. The majority of the area is Resource Conservation (1 unit to 40 acres). The populated portion of the District is designated as Rural Commercial (two units per acre or four units per acre for mobile home parks). The map below identifies the Rural Commercial (CR) designation of the District in red outline with the District in blue outline and sections in white outline. The areas on the map not identified as Rural Commercial are Resource Conservation.

**Map of Land Use Designations of Red Mountain**



The land use in the area is mostly rural with residential and limited commercial along Highway 395. The land ownership breakdown within the district's boundary is identified in the table below.

Land Owner	Sq Miles	Percentage
Government Land	2.11	83.4%
Private	0.42	16.6%
<b>Total</b>	<b>2.53</b>	<b>100.0%</b>

source: County of San Bernardino, Information Services Department

Since 2005, LAFCO staff has not received any project notices from the County of San Bernardino Planning Department regarding General Plan Amendments, tentative tract developments, and Conditional Use Permits for residential or commercial development within this area.

In the other service reviews conducted for the north desert communities, staff utilized population projections of the Transportation Analysis Zones developed by the Southern California Association of Governments (SCAG). However, Transportation Analysis Zone data cannot be isolated for this small community. Nonetheless, given the downward trend in population and current land use patterns, it is possible that the area will experience further decreases in population.

## **II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

The only service currently provided through CSA 30 is streetlighting. Although the FY 2009-10 CSA 30 budget identifies that the District was “originally formed to provide financing for 26 streetlights”, the budget does not provide an identification of the current number lights. In response to LAFCO staff’s request for information, the County Special Districts Department has provided verification that there are currently 17 streetlights funded through CSA 30.

The streetlights are classified as all night service (activated from dusk until dawn). Southern California Edison owns the streetlights and responds to problems, and CSA 30 provides for payment of the utility costs associated with the individual lights. There are no plans at this time to increase the number of the streetlights. There is no other existing service provider for streetlights in the area (County Service Area 70 which overlays CSA 30 is authorized streetlighting services, but requires creation of an Improvement Zone to provide), and the service is adequately provided. The future need for streetlights will increase if the population grows, dependent upon the implementation of the County’s Night Sky Ordinance<sup>3</sup> within this portion of the desert. The purpose of the Night Sky Ordinance is to encourage outdoor lighting practices and systems that will minimize light pollution, conserve energy, and curtail the degradation of the nighttime visual environment.

## **III. Financial ability of agencies to provide services.**

The sole source of revenue for CSA 30 is its share of the general ad-valorem property tax levy. The majority of expenditures pay for the streetlighting utility costs to Southern California Edison and transfers to other County funds to pay for CSA 30’s share of management and services support costs.

Special Districts Department states in its narrative response provided to LAFCO that the expenditures for CSA 30 exceed revenue. This is supported by the chart below utilizing figures from CSA 30’s audits and budgets. From FY 2007-08 to FY 2008-09 the Service and Supplies category of accounts more than doubled. The FY 2008-09 budget states that the increased costs are due to higher energy costs. As identified in the FY 2009-10 Budget,

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<sup>3</sup> County of San Bernardino, Development Code Chapter 83.07, Adopted Ordinance 4011 (2007).

expenditures are anticipated to exceed revenues by \$1,010, which would result in a year-end fund balance of zero dollars.

As of June 20, 2008, CSA 30's streetlighting fund had a balance of \$952. Should the trend of expenditures exceeding revenue continue, CSA 30 would experience challenges in supporting the current streetlighting activities and its financial viability to provide its service would be questionable. The only resolution for this area would be a determination to reduce the number of lights funded through CSA 30.

**CSA 30 Financial Activity**

	FY 2006-07 Actual <sup>1</sup>	FY 2007-08 Actual <sup>1</sup>	FY 2008-09 Actual	FY 2009-10 Budget
<b>Expenditures</b>				
Services & Supplies	\$1,892	\$1,384	\$2,555	\$3,225
Transfers Out	2,178	1,526	786	832
Reserves & Contingencies	0	0	0	427
<b>Total Expenditures</b>	<b>4,070</b>	<b>2,910</b>	<b>3,341</b>	<b>4,484</b>
<b>Revenue</b>				
Taxes	3,349	3,488	3,452	3,474
Use of Money	22	7	0	0
Current Services	(31)	(25)	(48)	0
Other Revenue	4	1	(5)	0
<b>Total Revenue</b>	<b>3,344</b>	<b>3,471</b>	<b>3,399</b>	<b>3,474</b>
<b>Net</b>	<b>(726)</b>	<b>561</b>	<b>58</b>	<b>(1,010)</b>
<b>Fund Balance</b>	<b>\$391</b>	<b>\$952</b>	<b>\$1,010</b> <sup>2</sup>	<b>\$0</b> <sup>2</sup>
Sources: FY 2008-09 Final Budget, FY 2009-10 Proposed Budget				
<sup>1</sup> Streetlighting fund, does not include Fire fund				
<sup>2</sup> Calculated by LAFCO staff				

Appropriation Limit

An appropriation limit is required by Article XIII B of the State Constitution and limits the expenditure of the proceeds of taxes. Action taken on June 16, 2009 by the Board of Supervisors of the County of San Bernardino established the appropriation limit for CSA 30 at \$75,205.

**IV. Status of, and opportunities for, shared facilities.**

The Special Districts Department consolidates the administrative operations and facilities for county service areas and improvement zones under the auspices of CSA 70.

Southern California Edison owns the streetlights; therefore, the streetlights cannot be shared. The only service that CSA 30 is actively providing is streetlights so no other shared facilities can be considered.

**V. Accountability for community service needs, including governmental structure and operational efficiencies.**

*Local Government Structure and Community Service Needs*

CSA 30 is governed by the County Board of Supervisors and administered by the County Special Districts Department; it is within the political boundaries of the First Supervisorial District. CSA 30's budget is prepared as a part of the County Special Districts Department's annual budgeting process. CSA 30's annual budget is presented to the County Administrative Office and Board of Supervisors for review and approval.

There is record of CSA 30 utilizing a board-governed Advisory Commission in the 1970s before its sphere of influence establishment and authorization of the Planning function. However, the County Clerk to the Board has identified the CSA 30 Advisory Commission as an inactive board. Information could not be obtained as to the inactive date of the Advisory Commission.

*Operational Efficiency*

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services provided under County Service Area 70. Therefore, CSA 30 has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it and pays a proportional cost of the administrative functions of the County Special Districts Department. To pay for these functions, the FY 2009-10 Budget indicates a transfer to CSA 70 Countywide of \$832 for management and operations support (\$551 for Salaries and Benefits and \$281 for Services and Supplies). One regional manager oversees all the streetlight districts and one inspector provides support services such as inventory, streetlight requests, and plan review.

*Government Structure Options*

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Service Agreements:

The provision of service outside the boundaries of CSA 30 is not applicable.

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options, especially in light of CSA 30's



financial challenges. Special Districts Department staff in preparing the service review indicated that there were no consolidations or other structure options available for the operation of CSA 30.

- Expansion of boundaries. This option is not desirable because the majority of the surrounding areas are public lands without need of the services provided by CSA 30.
- Assumption of water service by County Service Area 30. County Service Area Law includes retail water as an additional service that a county service area can provide, and CSA 30 overlays the service area of the Rand Communities Water District. Such reorganization would include the detachment of Rand CWD within San Bernardino County with the assumption of service by CSA 30. This option is not desirable at this time for the following reasons:
  - The single well for Rand CWD is located in Kern County.
  - While a single multipurpose governmental agency accountable for community service needs and financial resources may be the best mechanism for establishing community service priorities, in this case, the Red Mountain community has historically and continues to be identified as being a part of the overall Rand area which is mainly in Kern County. In this case, the community water service needs and financial resources are best addressed through Rand CWD.
- Consolidation with the other streetlighting districts within the unincorporated area of the County. Special Districts Department has indicated in the past a desire to consolidate the districts with only streetlighting powers within the unincorporated area of the County. However, LAFCO staff has not received any additional information regarding this option from Special Districts Department. Such a proposal would eliminate the need for multiple budgets and combine the revenues so that payments to Southern California Edison would come from a single source. In addition, it would allow for the coordination of streetlight locations as was identified in the service review for County Service Area SL-1.
- Maintenance of the status quo. At the present time, no other public agencies (except for CSA 70 – countywide) have the statutory authorization to provide streetlights to the area.

As in past discussions of the single purpose streetlighting agencies administered by the County, LAFCO staff supports the consolidation of these entities into a single streetlighting CSA to provide for a more efficient and effective operation. However, as noted above, the Special District Department staff, while supporting the concept, has not identified support for moving forward with this type of reorganization. Therefore, LAFCO staff will support the maintenance of the status quo.

## **SPHERE OF INFLUENCE UPDATE**

***LAFCO staff recommends that the Commission update the sphere of influence for County Service Area 30 as coterminous with its boundaries.***

***LAFCO staff recommends that the Commission acknowledge that County Service Area 30 actively provides streetlighting services.***

### Sphere of Influence

CSA 30's sphere of influence has been coterminous with its boundaries since its establishment in 1973. There is a need for streetlights within the boundaries of CSA 30; however, planning for streetlights beyond CSA 30's boundaries is not anticipated because the majority of the surrounding areas are public vacant lands and the remaining populated portions do not require streetlights pursuant to the County's Night Sky Ordinance. LAFCO and Special Districts Department staffs request affirmation of its existing sphere.

### Authorized Powers

When updating a sphere of influence for a special district, the Commission shall (1) require existing districts to file written statements with the Commission specifying the functions or classes of services provided by those districts and (2) establish the nature, location, and extent of any functions or classes of services provided by existing districts (Government Code §56425(i)). Special Districts Department has identified that CSA 30 only provides Streetlighting; it does not utilize its authorized Planning function. Both LAFCO and Special District Department staffs agree that the Planning function should be removed since CSA 30 has never utilized its Planning powers (letter from Special Districts Department included as a part of Attachment #2).

In previous sphere of influence updates for independent and dependent special districts, the Commission has outlined the functions and services that districts actively provided by initiating and updating its *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. Unfortunately, legislative changes effective January 1, 2009 no longer allow the Commission to initiate the activation or divestiture of a function from a special district. However, Government Code Section 25213.6 (County Service Area Law) permits the Board of Supervisors through adoption of a resolution to divest a county service area of the authority to provide a service if the proposed divestiture would not require another public agency other than the county to provide a new or higher level of service or facilities.

### Staff recommends that the Commission:

- Update the sphere of influence for County Service Area 30 as coterminous with its boundaries.
- Acknowledge that CSA 30 actively provides streetlighting services.

- Request the County to take action to divest CSA 30 of its Planning function and file the appropriate resolution with the Commission, and
- Direct staff to update the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* upon receipt of the County resolution divesting CSA 30 of the Planning function.

**FACTORS OF CONSIDERATION:**

The Special Districts Department was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

The Present and Planned Uses in the Area

At present, the land uses of within CSA 30 include residential, vacant, and commercial land. The County of San Bernardino has assigned general plan land use designations of Resource Conservation and Rural Commercial. The Rural Commercial land use designation allows for the development of residential uses. The land ownership breakdown within the district’s boundary is identified in the table below.

Land Owner	Sq Miles	Percentage
Government Land	2.11	83.4%
Private	0.42	16.6%
<b>Total</b>	<b>2.53</b>	<b>100.0%</b>

source: County of San Bernardino, Information Services Department

The Present and Probable Need for Public Facilities and Services in the Area

CSA 30 currently provides only streetlighting services within its boundaries and operates and maintains 17 streetlights. Currently, CSA 30 meets the service needs of those within its boundaries. The future need for streetlights will increase with population growth, as denser developments will require such service while recognizing the limitation of the County’s Night Sky ordinance. However, as identified in this report, the population within CSA 30 is dwindling having fallen from a high of 400, to its current population of 130 per the 2000 Census.

The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides

CSA 30 provides streetlighting within its boundaries and adequately serves the area. Revenues are generally adequate to support the current streetlighting activities but do not allow for additional significant activity.

### The Existence of any Social or Economic Communities of Interest

The social community of interest is Red Mountain, which is a part of the larger Rand Community primarily within Kern County. The economic communities of interest are the remaining mining activities and the commercial activities along Highway 395. CSA 30 is entirely within the Kern Community College District and Sierra Sands Unified School District. The Sierra Sands Unified School District headquarters is located in Ridgecrest, Kern County, and all of its schools are located in Kern County.

### **CONCLUSION FOR CSA 30:**

Special Districts Department has identified that CSA 30 only provides Streetlighting; it does not utilize its authorized Planning function. Should the trend of expenditures exceeding revenue continue, CSA 30 will experience challenges in supporting the current streetlighting activities and its financial viability to provide its service would be questionable. Should this trend continue, the County will be required to make a determination on a reduction of streetlights within the area to maintain its financial viability.

Staff recommends that the Commission:

- Update the sphere of influence for County Service Area 30 as coterminous with its boundaries.
- Acknowledge that CSA 30 actively provides streetlighting.
- Request the County to take action to divest CSA 30 of its Planning function and file the appropriate resolution with the Commission, and
- Direct staff to update the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* upon receipt of the County's resolution divesting CSA 30 of the Planning function.

## **EAST KERN HEALTHCARE DISTRICT Service Review and Sphere of Influence Update**

### **INTRODUCTION:**

LAFCO 3043 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for East Kern Healthcare District.

Due to lack of accessible medical care facilities in the California City and Rand areas, the City of California City in 1975 submitted an application to Kern LAFCO to form a hospital district for the primary purpose of providing healthcare services to residents in the California City, Randsburg, and Johannesburg communities in Kern County and the Red Mountain community in San Bernardino County. The East Kern Hospital District was formed following both Kern LAFCO and local voter approval. In 1998, Senate Bill 1169 re-wrote "Hospital District Law". The new law became known as "Local Health Care District Law" (Health and Safety Code Sections 32000 et seq.) and deemed all hospital districts to be referred to as health care districts. Accordingly, East Kern Hospital District became known as East Kern Healthcare District (hereafter shown as District). The District is an independent special district governed by a five member board of directors.

The majority of the territory and assessed value of the District is within Kern County. Hence, pursuant to Government Code 56066 Kern County is the principal county for the District, and change of organization<sup>4</sup> proceedings would be conducted by Kern LAFCO. Kern LAFCO has not yet updated the District's sphere of influence in Kern County.

According to Kern LAFCO staff, the mandatory sphere of influence update for the District is anticipated in the near future.

San Bernardino LAFCO is conducting a service review and sphere update due to the District's boundaries extending into San Bernardino County. This report presents a service review with cooperation from the District and provides information specific to San Bernardino County where appropriate. Kern LAFCO in 1978 established the sphere of influence as coterminous with its boundaries, and in 1980 approved a concurrent annexation and sphere of influence expansion of two square miles in San Bernardino County. On both occasions, there is no record of Kern LAFCO requesting information as to the land use or service obligations or notification to San Bernardino LAFCO of the sphere of influence extending into San Bernardino County. Therefore, San Bernardino LAFCO has not acknowledged the District's sphere of influence in San Bernardino County. Staff is recommending that the Commission acknowledge that the sphere of influence of the District in San Bernardino County as being coterminous with its boundaries.

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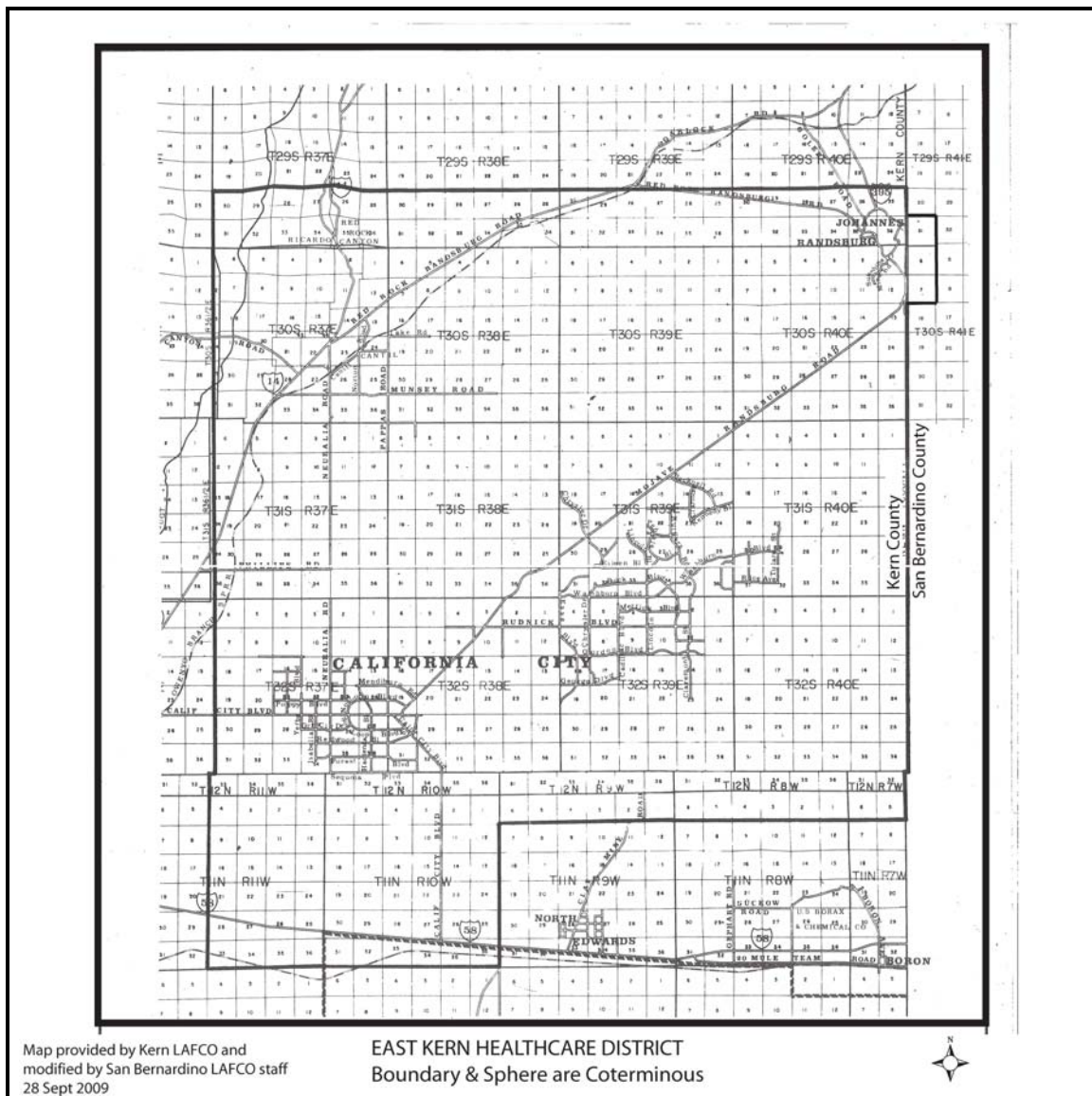
<sup>4</sup> "Change of Organization" (Government Code 56021) includes the following for the District: annexation, detachment, dissolution, consolidation, and a proposal for the exercise of a new or different function or classes of services or divestiture of the power to provide particular functions or classes of services.

**LOCATION AND BOUNDARIES:**

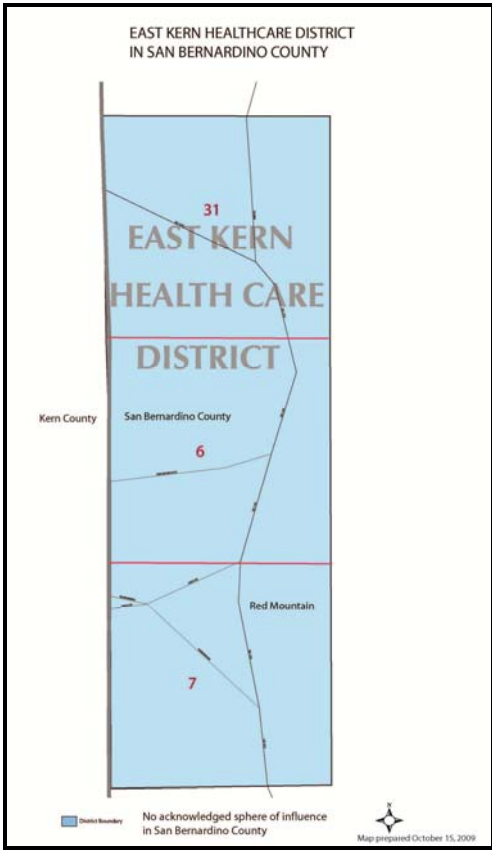
The District is primarily located in Kern County and encompasses approximately 581 square miles with approximately three square miles in San Bernardino County. In Kern County, the District includes the City of California City and the communities of Randsburg and Johannesburg. In San Bernardino County, the District includes the Red Mountain community. The study area is located in the north desert portion of San Bernardino County and is generally bordered by the Kern County line on the west and by section lines on the north, east, and south. The District includes territory east and west of Highway 395.

As addressed by Kern LAFCO, the District's sphere of influence is coterminous with its boundaries, as illustrated in the first map below. The second map below illustrates the District within San Bernardino County. Both maps are included as a part of Attachment #3.

**East Kern Healthcare District**



**East Kern Healthcare District in San Bernardino County**



**SERVICE REVIEW**

At the request of LAFCO staff, the District prepared a service review consistent with San Bernardino LAFCO policies and procedures. The District’s response to LAFCO’s original and updated requests for materials includes, but is not limited to, the narrative response to LAFCO staff’s request for information and audits and budgets. The District’s response and supporting materials are included as a part of Attachment #3 and are incorporated in the information below.

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

In Kern County, the District overlays the City of California City, which had a population of 8,385 in 2000 and a population of 14,828 in January 2009.<sup>5</sup> From 2000 to 2008, California City experienced a 77% increase in population, making it the 12<sup>th</sup> fastest growing city in the

<sup>5</sup> State of California, Department of Finance, *Population Estimates for Cities, Counties, and State, 2001-2009 with 2000 Benchmark*. Sacramento, California, May 2009.

state in terms of percentage increase.<sup>6</sup> According to the 2000 Census, the Randsburg and Johannesburg communities combined totaled approximately 253 in 2000.

In San Bernardino County, trends indicate a dwindling population since its pre-World War II peak. In the late 1970s, the population for this area was approximately 400. According to the 2000 Census, the area had a population of roughly 130 people located along Highway 395. The land use in the area is mostly rural with residential and limited commercial along Highway 395. The land ownership breakdown within the district's boundary is identified in the table below.

Land Owner	Sq Miles	Percentage
Government Land	2.58	83.4%
Private	0.42	16.6%
<b>Total</b>	<b>3.00</b>	<b>100.0%</b>

source: County of San Bernardino, Information Services Department

LAFCO staff has not received any project notices since 2005 from the County of San Bernardino regarding General Plan Amendments, tentative tract developments, and Conditional Use Permits for increased residential and commercial development.

In the other service reviews conducted for the north desert communities, staff utilized population projections of the Transportation Analysis Zones developed by the Southern California Association of Governments. However, Transportation Analysis Zone data cannot be isolated for this small community. It is not anticipated that the portion within San Bernardino County will experience significant growth given the downward trend in population and current land use patterns.

## **II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

Originally, the purpose of the formation of the District was to provide medical services for California City and the Rand communities. Today, some medical services are available in California City; however, the nearest hospitals are located in Ridgecrest and Lancaster, both located roughly 35 miles from the center of California City. Therefore, a need remains for access to medical care within the boundaries of the District, especially for the three Rand communities.

The District owns and operates an office/x-ray facility in California City. The District leases office space to local health care providers to facilitate the organization and delivery of basic health care services. The District also utilizes a room in a Kern County building in Johannesburg once a month for half a day for doctor visits and contracts with a physician to provide limited medical services, which is dependent on the availability of a doctor to provide service. No services are directly provided to the San Bernardino County portion of the District. The District has purchased property from California City intended for future use

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<sup>6</sup> State of California, Department of Finance, *January 2009 Cities and Counties Ranked by Size, Numeric, and Percent Change*. Sacramento, California, May 2009.



as a medical facility. The District plans to use its liquid assets to staff and equip the facility, but after the conduct of a plan regarding the facility's purpose and use.

### **III. Financial ability of agencies to provide services.**

For this report, staff has reviewed the District's budgets, audits, and State Controller reports for special districts.

#### **Revenue and Expenditures**

Revenue is mainly comprised of the receipt of property taxes and lease income. The primary source of revenue is from the share of the ad valorem general tax levy in Kern and San Bernardino Counties. In 1977-78 before Proposition 13, pursuant to Sections 32202 and 32203 of "Local Healthcare District Law" (formerly "Local Hospital District Law") all landowners within the District were subject to a tax sufficient in amount to maintain the district but not to exceed the rate of twenty cents (\$0.20) per \$100 of the assessed valuation within the district. Local Healthcare District Law further states that if the district includes territory in more than one county, the amount estimated shall be ratably apportioned among the counties in the district in proportion to the assessed value of the property in the counties included within the district. Within San Bernardino County, landowners were levied a tax at the rate of \$0.1716 per \$100 of assessed valuation.

Following Proposition 13, the Legislature enacted statutes to implement its provisions. Under these statutes, a local government's share of the one percent general levy was based on the share of the property tax going to that local government before Proposition 13 (excluding bond debt). In 2008-09, in San Bernardino County the District received a share of 0.19% of the one percent general levy, which resulted in the District receiving roughly \$27. However, in Kern County the District receives a far greater amount (annually over \$117,000) due to roughly 99.3% of the total assessed valuation being in Kern County.

The District leases office space to local health care providers under non-cancelable operating leases with terms of five years. The leases will provide at least \$21,600 in annual revenue through 2011. Operating revenue remains relatively constant each year which allows the District to continue saving towards its long-term goal of funding a medical facility in California City. As of June 30, 2008, the District had \$546,852 in cash and investments that it could invest towards the medical facility.

Expenses are mainly comprised of Services and Supplies. Operating expenditures include the cost of sales and services, administrative expenses, and depreciation on capital assets. Expenses for administration of the District are low in comparison with other independent special districts because administration is on a part-time basis. The District pays for an administrator who works on an as needed basis, a doctor to provide the medical services, use of a facility for medical examinations, and basic medical equipment.

The chart below shows the revenue and expenditure activity with corresponding percentages for the past two audit years. For the most recent audit conducted for the District, FY 2007-08, the District's net assets increased by \$100,913 and increased by

\$100,757 for the prior year. With the excess funds gained each year, the District is continuing to save towards its long-term goal of funding a medical facility in California City.

**Revenue and Expenditure Activity**

	FY 2007-08		FY 2006-07	
	Amount	%	Amount	%
<b>Revenue</b>				
Property Taxes	\$166,567	72.2%	\$153,815	70.2%
Lease Income	\$52,000	22.5%	\$50,140	22.9%
Interest Income	\$10,089	4.4%	\$6,811	3.1%
Cancer Drive	\$1,740	0.8%	\$6,417	2.9%
Donations	\$428	0.2%	\$2,050	0.9%
<b>Total Revenue</b>	<b>\$230,824</b>	<b>100.0%</b>	<b>\$219,233</b>	<b>100.0%</b>
<b>Expenses</b>				
Services & Supplies	\$83,379	64.2%	\$62,957	53.1%
Depreciation	\$28,233	21.7%	\$27,990	23.6%
Administration & General	\$17,941	13.8%	\$25,741	21.7%
Interest Expense	\$358	0.3%	\$1,788	1.5%
<b>Total Expenses</b>	<b>\$129,911</b>	<b>100.0%</b>	<b>\$118,476</b>	<b>100.0%</b>
<b>Net Increase (Decrease in Net Assets)</b>		<b>\$100,913</b>	<b>\$100,757</b>	

Source: FY 2006-07 and FY 2007-08 Financial Statements

Long-term Debt

The District has a note payable to the City of California City Redevelopment Agency for \$130,000 for the purchase of City property intended for future use as a medical facility. The terms of the note payable is payments at 3.30% interest with principal due February 2016.

The most recent long-term debt was issued in 1998 and matured in 2004. The amount authorized and received was \$265,800 for an X-ray facility.

Items from the Audits

An item identified in the FY 2007-08 audit of concern to LAFCO staff is the District does not maintain an inventory of parts and supplies.

Cash and Investments

*Unrestricted*

The unrestricted cash and investments consisted of the following at June 30, 2008 and 2007.

	June 30, 2008	June 30, 2007
Cash on hand in banks	\$502,690	\$366,916
Pooled investments - State	44,060	41,968
Pooled investments – Kern County	102	6,695
<b>Total</b>	<b>\$546,852</b>	<b>\$415,579</b>

*Restricted*

The District has no restricted cash and investments for FY 2006-07 and FY 2007-08.

Constitutional and State Statutory Requirements

- Article XIII B of the State Constitution (Gann Limit) mandates local Government agencies to establish an appropriations limit. Without an appropriations limit, agencies are not authorized to expend the proceeds of taxes. Section 9 of this Article provides exemptions to the appropriations limit such as Section 9 (c) exempts the appropriations limit for special districts which existed on January 1, 1978 and which did not levy an ad valorem tax on property in excess of 12 ½ cents per \$100 of assessed value for the 1977-78 fiscal year. A copy of the FY 1977-78 property tax rates is included as a part of Attachment #3, with the District highlighted for reference, identifies a 1977-78 tax rate of 17.16 cents. Being over the 12 ½-cent tax rate, the District does not qualify for an exemption from the requirement of an appropriations limit. Therefore, the District must have an appropriations limit.
- Section 26909 of the Government Code requires regular audits of district accounts and records. According to records from the State Controller, an audit from the District has not been received for at least three years.

**IV. Status of, and opportunities for, shared facilities.**

The District owns and operates an office/x-ray facility in California City. The District leases office space to local health care providers to facilitate the organization and delivery of basic health care services. The District also utilizes a room in a Kern County building in Johannesburg once a month for half a day for doctor visits and contracts with a physician to provide limited medical services, which is dependent on the availability of a doctor to provide service.

**V. Accountability for community service needs, including governmental structure and operational efficiencies.**

*Local Government Structure and Community Service Needs*

East Kern Healthcare District is an independent district and is governed by a five-member board of directors. Representation on the board of directors is at-large and members are voted by the electorate or are appointed in-lieu of election. Below is the current composition of the board, their positions, and terms of office:

<b>Board Member</b>	<b>Title</b>	<b>Term</b>
Shirley Heathman	President	2012
Constance Bentley	Secretary	2012
Robert E. Smith	Director	2012

Loren W. Burch	Director	2010
Dale Leffler	Director	2010

Board meetings are held the first Thursday of the month in California City, Kern County and are open to the public. An attorney is present at all public meetings. The District does not have a website for the public to seek information or voice concerns. The District operates with an annual balanced budget that is adopted at a public hearing prior to September 1, and the board is provided with quarterly finance reports.

The District's office and meeting place are housed in Kern County in California City. The District operates with one administrator who works as needed.

*Government Structure Options*

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Service Agreements:

The Districts states that it does not provide services outside of its boundaries but that those outside of its boundaries have utilized District services.

Government Structure Options:

Kern County is the principal county for the District. Therefore, change of organization proceedings would be conducted by Kern LAFCO unless Kern LAFCO agrees to having the exclusive jurisdiction vested in San Bernardino LAFCO and San Bernardino LAFCO agrees to assume jurisdiction pursuant to Government Code 56388. The District in preparing the service review indicated that there were no consolidations or other structure options available due to the need for healthcare in this remote area.

**SPHERE OF INFLUENCE UPDATE**

***LAFCO staff recommends that the Commission acknowledge that the sphere of influence for East Kern Healthcare District in San Bernardino County as being coterminous with its boundaries.***

Sphere of Influence

Kern LAFCO in 1978 established the sphere of influence as coterminous with its boundaries, and in 1980 approved the concurrent annexation and sphere of influence

expansion of two square miles in San Bernardino County. On both occasions, there is no record of Kern LAFCO requesting information as to the land use or service obligations or notification to San Bernardino LAFCO of the sphere of influence extending into San Bernardino County. Therefore, San Bernardino LAFCO has not acknowledged the District's sphere of influence in San Bernardino County. Staff is recommending that the Commission update the sphere of influence of the District in San Bernardino County as being coterminous with its boundaries.

### Authorized Powers

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Kern County is the principal county for the District. Therefore, change of organization proceedings (which include authorization of functions and services) would be conducted by Kern LAFCO.

### **FACTORS OF CONSIDERATION:**

The District was requested to provide information regarding the sphere of influence update as required by State law. Staff's responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

#### The Present and Planned Uses in the Area

At present, the land uses of within the San Bernardino portion of the District include residential, vacant, and commercial land. The County of San Bernardino has assigned general plan land use designations of Resource Conservation and Rural Commercial. The land use in the area is mostly rural with residential and limited commercial along Highway 395. It is not anticipated that the portion within San Bernardino County will experience significant growth given the downward trend in population and current land use patterns. The land ownership breakdown within the district's boundary is identified in the table below.

<b>Land Owner</b>	<b>Sq Miles</b>	<b>Percentage</b>
Government Land	2.58	83.4%
Private	0.42	16.6%
<b>Total</b>	<b>3.00</b>	<b>100.0%</b>

source: County of San Bernardino, Information Services Department

#### The Present and Probable Need for Public Facilities and Services in the Area

Some medical services are available in California City; however, the nearest hospital is 37 miles away in Ridgecrest. Therefore, a need remains for access to medical care within the boundaries of the District, especially for the three Rand communities.

#### The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides

The District owns and operates an office/x-ray facility in California City. The District leases office space to local health care providers to facilitate the organization and delivery of basic health care services. The District also utilizes a room in a Kern County building in Johannesburg once a month for half a day for doctor visits and contracts with a physician to provide limited medical services, which is dependent on the availability of a doctor to provide service. No services are directly provided to the San Bernardino County portion of the District. The District has purchased property from California City intended for future use as a medical facility. The District plans to use its liquid assets to staff and equip the facility, but after the conduct of a plan regarding the facility's purpose and use.

The Existence of any Social or Economic Communities of Interest

The social communities of interest are the City of California City and the communities of Johannesburg and Randsburg in Kern County and Red Mountain in San Bernardino County. The economic communities of interest are the remaining mining activities, and the commercial activities in Johannesburg and along Highway 395. The District is entirely within the Kern Community College District and Sierra Sands Unified School District. The Sierra Sands Unified School District headquarters is located in Ridgecrest, Kern County, and all of its schools are located in Kern County.

**CONCLUSION FOR EAST KERN HEALTHCARE DISTRICT:**

San Bernardino LAFCO has not acknowledged the District's sphere of influence in San Bernardino County. Staff is recommending that the Commission update the sphere of influence of the District in San Bernardino County as being coterminous with its boundaries.

## **RAND COMMUNITIES WATER DISTRICT Service Review and Sphere of Influence Update**

### **INTRODUCTION:**

LAFCO 3044 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for Rand Communities Water District.

In 1969, the Kern County Board of Supervisors and the electorate approved the formation of the East Central Kern County Water District [now known as Rand Communities Water District (hereafter shown as District)] in order to provide potable water to the overall Rand area. The overall Rand area is comprised of the communities of Randsburg and Johannesburg in Kern County and Red Mountain in San Bernardino County. The District is an independent special district governed by a five member board of directors and operates under operates under "County Water District Law" (Section 30000 et seq. of the California Water Code).

The majority of the territory and assessed value within the District is within Kern County. Hence, pursuant to Government Code 56066 Kern County is the principal county for the District, and change of organization<sup>7</sup> proceedings would be conducted by Kern LAFCO. Kern LAFCO conducted a service review for the District as a part of its Ridgecrest community service reviews in May 2009 (included as a part of Attachment #4) but has not yet conducted the mandatory sphere of influence update. According to Kern LAFCO staff, the mandatory sphere of influence update for the District is anticipated in the near future, but a specific time has not been identified.

San Bernardino LAFCO is conducting a service review and sphere update due to the District's boundaries extending into San Bernardino County. This report presents a service review with cooperation from the District and provides information specific to San Bernardino County where appropriate. Sometime between 1973 and 1979, Kern LAFCO established the sphere of influence for Rand Communities Water District as coterminous with its boundaries. There is no record of Kern LAFCO requesting information as to the land use or service obligations or notification to San Bernardino LAFCO of the sphere of influence extending into San Bernardino County. Therefore, San Bernardino LAFCO has not acknowledged the District's sphere of influence in San Bernardino County. Staff is recommending that the Commission acknowledge that the sphere of influence of the District in San Bernardino County as being coterminous with its boundaries.

### **LOCATION AND BOUNDARIES:**

The District is primarily located in Kern County and encompasses approximately 581 square miles with 117 square miles in San Bernardino County<sup>8</sup>. In Kern County, the District

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<sup>7</sup> "Change of Organization" (Government Code 56021) includes the following for the District: annexation, detachment, dissolution, consolidation, and a proposal for the exercise of a new or different function or classes of services or divestiture of the power to provide particular functions or classes of services.

<sup>8</sup> The northern portion of the District in San Bernardino abuts the County line and the line between the Mount Diablo and San Bernardino Meridians. In this portion, not all sections equal one square mile.

includes the communities of Randsburg and Johannesburg. In San Bernardino County, the District includes the Red Mountain community, and the southern two-thirds of its San Bernardino County territory follows the boundaries of the Sierra Sands Unified School District (headquartered in Ridgecrest, Kern County). The study area is located in the north desert portion of the County and is generally bordered by the Kern County line on the west and by section lines on the north, east, and south. The District includes territory east and west of Highway 395.

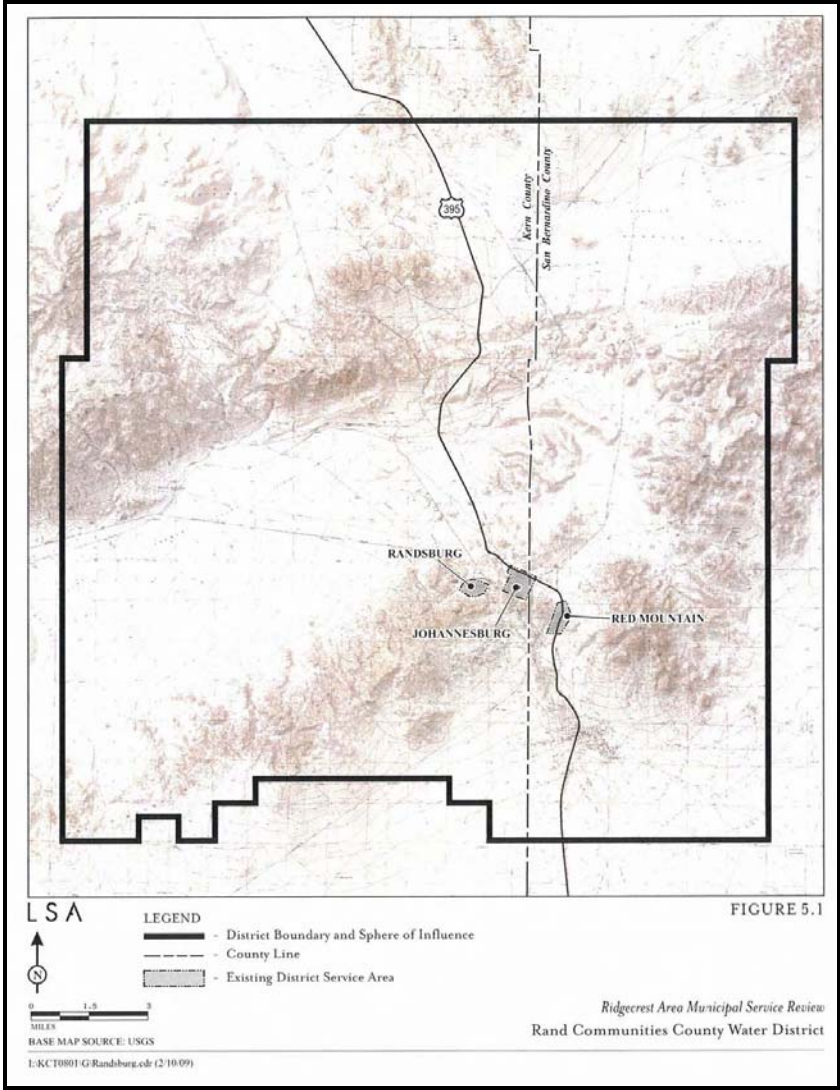
As addressed by Kern LAFCO, the District's sphere of influence is coterminous with its boundaries. The actual service areas represent a small portion of the total District, identified as the shaded areas, as illustrated in the first map below<sup>9</sup>. The second map below illustrates the District within San Bernardino County. Both maps are included as a part of Attachment #4.

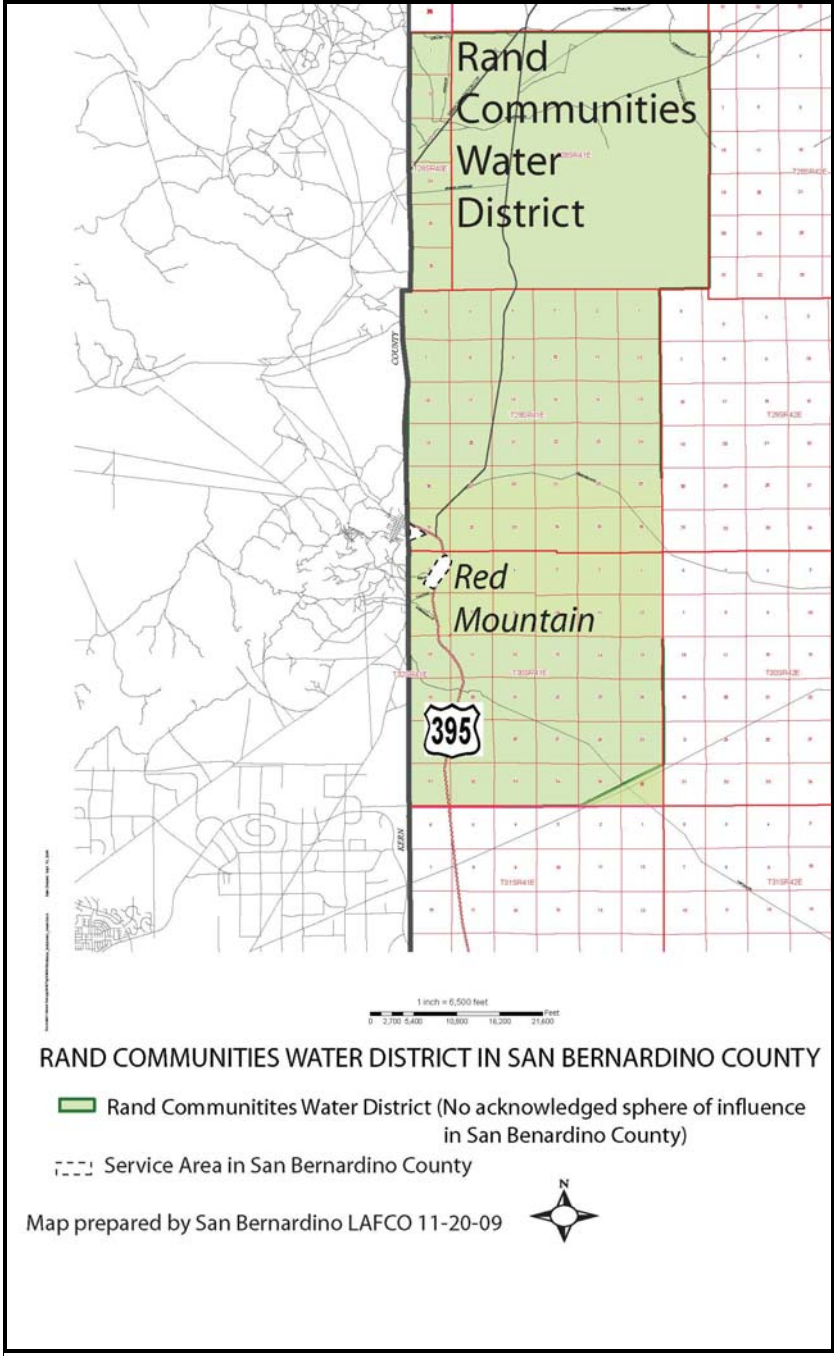
### **Rand Communities Water District**

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<sup>9</sup> Map prepared by LSA and utilized in Rand CWD service review conducted by Kern LAFCO. May 2009.







**SERVICE REVIEW**

At the request of LAFCO staff, the District prepared a service review consistent with San Bernardino LAFCO policies and procedures. The District’s response to LAFCO’s original and updated requests for materials includes, but is not limited to, the narrative response to LAFCO staff’s request for information, water system information, and audits and budgets. The District’s response and supporting materials are included as a part of Attachment #4 and are incorporated in the information below.

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

In Kern County, the Randsburg and Johannesburg communities combined totaled approximately 253 in 2000 according to the 2000 Census.

In San Bernardino County, trends indicate a dwindling population since its pre-World War II peak. In the late 1970s, the population for this area was approximately 400. According to the 2000 Census, the area had a population of roughly 130 people located along Highway 395.

At present, the land uses of within the San Bernardino portion of the District include residential, vacant, and commercial land along Highway 395. The County of San Bernardino has assigned general plan land use designations of Resource Conservation and Rural Commercial. The land ownership breakdown within the district's boundary is identified in the table below.

Land Owner	Sq Miles	Percentage
Private	8.52	7.3%
US Bureau of Land Management	106.93	91.8%
State of California	1.04	0.9%
<b>Total</b>	<b>116.49</b>	<b>100.0%</b>

source: County of San Bernardino, Information Services Department

LAFCO staff has not received any project notices since 2005 from the County of San Bernardino regarding General Plan Amendments, tentative tract developments, and Conditional Use Permits for increased residential and commercial development.

In the other service reviews conducted for the north desert communities, staff utilized population projections of the Transportation Analysis Zones developed by the Southern California Association of Governments. However, Transportation Analysis Zone data cannot be isolated for this small community. It is not anticipated that the portion within San Bernardino County will experience significant growth given the downward trend in population and current land use patterns.

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

Water is obtained from groundwater in the Fremont Valley and Cuddeback groundwater basins (both basins are not adjudicated). The District provides water to three communities and one park and is the only water provider in the area. Current connections are 300 with 273 active. According to the 2007 Water Statistics, the District delivered 39.9 acre-feet of water with approximately 85% for residential use. As stated in the Kern LAFCO service review, the District indicates that due to the age of the system the entire system is failing with frequent breaks and leaks. This has resulted in daily fixes.

The water system was developed in 1970 and consists of one primary well, one secondary well, three booster stations, 12 miles of pipeline, and three storage tanks with a combined storage of roughly 315,000 gallons. One well has not been used since 2002 when the

Environmental Protection Agency lowered maximum arsenic levels. Therefore, the District operates with one well which can pump up to 100 gallons per minute. Since there are no other water providers to potentially provide an inter-tie, another well or two wells should be drilled for redundancy. With only one well and no inter-ties, should this well become inactive, the District would lack the capability to provide water to its customers. A review of the records on file since 2000 with the Lahontan Regional Water Quality Control Board does not identify any enforcement actions regarding the District.

The District is within the boundaries of a state water contractor in each county (Mojave Water Agency in San Bernardino County and Kern County Water Agency). The California Aqueduct travels in a southeasterly direction through Bakersfield in Kern County and enters San Bernardino County in an easterly direction just north of Phelan. However, the service areas of the District in both counties are over 75 miles away from the California Aqueduct. Further, three groundwater basins separate the service area of the District and the discharge locations of the supplemental water. Therefore, accessibility to supplemental water is not feasible at this time. According to property tax data available from the San Bernardino County Assessor, Mojave Water Agency (MWA) receives a share of the one percent general levy from the properties within San Bernardino County. Also, these properties pay for MWA Bond Debts 1 and 2 for MWA's obligations for the State Water Project contract. Even though these properties do not receive State Water Project water, they are within the boundaries of state water contractors and pay for the bonds associated with the State Water Project.

Rates are on a tiered structure which can promote conservation. According to the District's rate ordinance from 2006 (Ordinance #7 – still in effect), the District participates in the sale of bulk water. For more information regarding water hauling, see the Water Discussion section of this report.

Additionally, the District provides maintenance to a park located in Johannesburg that was willed to the District. The terms of the will require that the park be used for open space (open recreational) purposes. The park includes picnic tables, grills, restrooms, and a baseball field. In 2007-08, the park was repainted with the assistance of community groups, picnic tables were replaced, and a bid process was commenced to upgrade the wheelchair ramp at the District office.

### Capital Improvements

The District is on the Proposition 84 Second Round Project Priority List for Small Community Infrastructure Improvements for Chemical and Nitrate Contaminants. If received, the grant would be \$500,000 to be used for arsenic treatment for the contaminated well. However, the District is placed in the second tier of the list and receipt is dependent upon fund remaining after the first tier.

### 2002-03 and 2003-04 Kern Grand Jury

The Kern Grand Jury reviewed the District in 2002-03 with a report clarification in 2003-04. The Grand Jury findings related to service delivery were:

- Primary well currently meets arsenic standards.
- District purchased a 210,000-gallon tank from Kern County in 2001 and was awarded a Community Development Block Grant in 2003 from Kern County for installation in 2004.
- District recently installed an automatic system for operating the well and booster pumps during off-peak hours. The District expects to recover the cost of installation through reduced electric bills within five years.

### **III. Financial ability of agencies to provide services.**

For this section of the report, staff has reviewed the District's budgets, audits, State Controller reports for special districts, 2002-03 and 2003-04 Kern Grand Jury reports, and May 2009 Kern LAFCO service review.

The primary source of revenue is from water sales, comprising over two-thirds of all revenues. In general,

- Over 85% of water sales come from residential connections, according to state controller reports
- Roughly 13% of property tax and assessments are from San Bernardino County
- Roughly 21% of water sales are from San Bernardino County

#### **Taxes and Assessments**

The District receives a share of the ad valorem general tax levy in Kern and San Bernardino Counties. In 1977-78 before Proposition 13, all landowners within the District in San Bernardino County were subject to two taxes:

- General Administration – tax rate of \$0.6987 per \$100 of assessed value
- Improvement District #1 Bond Debt – tax rate of \$6.0662 per \$100 of assessed value

Following Proposition 13, the Legislature enacted statutes to implement its provisions. Under these statutes, a local government's share of the one percent general levy was based on the share of the property tax going to that local government before Proposition 13 (excluding bond debt). In 2008-09, in San Bernardino County the District received a share between 5.4% and 9.8% of the one percent general levy, which resulted in the District receiving roughly \$2,414.

Currently, the District has one improvement zone for its bonded indebtedness which generally includes its three service areas, crossing both counties. The tax rate for this improvement zone is \$0.086 per \$100 of assessed value in both counties.

#### **Kern Grand Jury**

The Kern Grand Jury reviewed the District in 2002-03 with a report clarification in 2003-04. The Grand Jury findings related to finances were:

- District expects to have outstanding bond obligations paid in 2005 and 2013

- District is financially sound and has cash reserves adequate for any foreseeable emergency

State Controller Reports for FY 2003-04 through FY 2006-07

Referencing the State Controller Reports from FY 2003-04 through FY 2006-07 (data for subsequent years not yet available), the District has a net gain of over \$76,000 for these years, as shown on the table below. In FY 2004-05 a Community Development Block Grant was received for installation of a tank that was purchased from Kern County. The revenues were received in FY 2004-05 (increase in non-operating revenues) and installation took place in FY 2005-06 (Operating Expenses). If it were not for the increase in rates that took effect in 2006, along with additional connections, the District would be experiencing a net loss. Even with the rate increase and additional connections, net income in FY 2006-07 was only \$105.

**Financial Activity: FY 2003-04 through FY 2006-07**

<b>Activity</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>
Operating Revenues (Water Sales)	\$163,361	\$157,076	\$152,257	\$189,361
Operating Expenses				
Admin & General	84,726	93,466	151,368	110,836
Pumping, Distribution, etc.	100,404	90,818	72,226	127,197
<b>Operating Income (Loss)</b>	<b>(21,769)</b>	<b>(27,208)</b>	<b>(71,337)</b>	<b>(48,682)</b>
Non-Operating Revenues				
Taxes & Assessments	43,823	25,947	31,820	48,122
Intergovernmental Aid	900	89,218	4,066	807
Other	3,115	3,794	9,998	5,473
Non-Operating Expenses (Interest Expense)	8,324	7,346	0	5,615
<b>Non-Operating Income (Loss)</b>	<b>39,514</b>	<b>111,613</b>	<b>45,884</b>	<b>48,787</b>
<b>Net Income (Loss)</b>	<b>\$17,745</b>	<b>\$84,405</b>	<b>(\$25,453)</b>	<b>\$105</b>
<b>Total Debt</b>	<b>\$158,126</b>	<b>\$138,626</b>	<b>\$120,126</b>	<b>\$99,626</b>
Source: State Controller's Reports for FY 2003-04 through FY 2006-07				

FY 2007-08 Audit

As described above, even with the rate increase and additional connections, net income in FY 2006-07 was only \$105. In FY 2007-08 the District took action to reduce expenditures by \$8,818 from the previous year. As described in the Kern LAFCO service review, the savings included reduced pumping plant, transmission, and distribution expenses. The savings were achieved by upgrading the electrical system at booster stations, repairing several transmission line leaks that appear to have been running for years, and increasing preventative maintenance wherever possible. Operating revenues increased by \$10,912 mostly due to the addition of new customers and contracts during the year.

At year's end, cash on hand consisted of \$156,463. The District has no investments other than cash. The District could possibly realize higher interest rates through participation in the Kern County Investment Pool or the Local Agency Investment Fund.

As identified in the audit, excess of expenditures over appropriations for the year totaled \$5,692 for Administration and General.

#### Long-term Debt

As of June 30, 2008, long-term debt consisted of \$81,626. The debt is for a general obligation bond issued in 1970 for system improvements for \$333,000 at an interest rate of five percent. The bonds mature in 2013. Annual payments are roughly \$22,000. When the debt is paid-off in 2013 the tax rate will not be retired. The tax rate will still be applied to the landowners within the District since the tax rate was established before FY 1977-78 (Proposition 13).

In 2005, the District paid-off a general obligation bond that was issued in 1972 for system improvements for \$56,000.

#### Statutory and Constitutional Requirements

- Article XIII B of the State Constitution (Gann Limit) mandates local Government agencies to establish an appropriations limit. Without an appropriations limit, agencies are not authorized to expend the proceeds of taxes. Section 9 of this Article provides exemptions to the appropriations limit such as Section 9 (c) exempts the appropriations limit for special districts which existed on January 1, 1978 and which did not levy an ad valorem tax on property in excess of 12 ½ cents per \$100 of assessed value for the 1977-78 fiscal year. A copy of the FY 1977-78 property tax rates is included as Attachment #4, with the District highlighted for reference, identifies a 1977-78 tax rate of 69.87 cents. Being over the 12 ½-cent tax rate, the District does not qualify for an exemption from the requirement of an appropriations limit. Therefore, the District must have an appropriations limit.
- Regular audits and annual financial reports – Government Code Section 26909 requires regular audits of district accounts and records. According to records from the State Controller, an audit has been received for at least the past three years.

#### **IV. Status of, and opportunities for, shared facilities.**

Due to the remote location, the District has identified that there are no shared facilities.

#### **V. Accountability for community service needs, including governmental structure and operational efficiencies.**

##### *Local Government Structure and Community Service Needs*

Rand Communities Water District is an independent district and is governed by a five-member board of directors. Members are voted by the electorate or are appointed in-lieu of

election by the County Board of Supervisors. Below is the current composition of the board, their positions, and terms of office:

<b>Board Member</b>	<b>Title</b>	<b>Term</b>
Ghulam Din	Director	2012
Dana Arbeit	Director	2012
Jennifer L. Keep	President	2010
Orville E. Moreland	Vice President	2010
Randy Halgunseth	Director	2010

Board meetings are held the second Thursday of the month at 7pm at the District office in Johannesburg, Kern County and are open to the public. Meeting notices are posted at the Kern County community center in Johannesburg, community store, gas station, and District office. An attorney is present at all public meetings. The District does not have a website for the public to seek information or voice concerns. The District operates with an annual balanced budget that is adopted at a public hearing, and the board is provided with quarterly finance reports. The District office is open Monday through Thursday from 7:30am to 1:00pm. The District has one full-time employee, the general manger, and three part-time employees for clerk duties, meter reading, and maintenance.

#### *Operational Efficiency*

The Kern Grand Jury reviewed the District in 2002-03 with a report clarification in 2003-04. The Grand Jury concluded that the District is well managed and delivers excellent service to the community in a cost-effective manner.

#### *Government Structure Options*

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Service Agreements:

The Districts states that it does not provide services outside of its boundaries. However, it has established water rates for bulk hauled water for domestic household purposes and for commercial establishments.

Government Structure Options:

Kern County is the principal county for the District. Therefore, change of organization proceedings would be conducted by Kern LAFCO unless Kern LAFCO



agrees to having the exclusive jurisdiction vested in San Bernardino LAFCO and San Bernardino LAFCO agrees to assume jurisdiction pursuant to Government Code 56388. The District in preparing the service review indicated that there were no consolidations or other structure options available due to the need for potable water in this remote area.

## **SPHERE OF INFLUENCE UPDATE**

***LAFCO staff recommends that the Commission update the sphere of influence for Rand Communities Water District in San Bernardino County as being coterminous with its boundaries.***

### **Sphere of Influence**

Staff questions why the formation of the District included such a large area in San Bernardino County when the service area comprises a few square miles. Further, roughly 93% of the lands are public and do not require the services of the District. Sometime between 1973 and 1979, Kern LAFCO established the sphere of influence for Rand Communities Water District as coterminous with its boundaries. There is no record of Kern LAFCO requesting information as to the land use or service obligations or notification to San Bernardino LAFCO of the sphere of influence extending into San Bernardino County.

Therefore, San Bernardino LAFCO has not acknowledged the District's sphere of influence in San Bernardino County. Nonetheless, Kern LAFCO as principal County established the sphere of influence of the District. Staff is recommending that the Commission acknowledge the sphere of influence of the District in San Bernardino County as being coterminous with its boundaries.

### **Authorized Powers**

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Kern County is the principal county for the District. Therefore, change of organization proceedings (which include authorization of functions of service) would be conducted by Kern LAFCO.

## **FACTORS OF CONSIDERATION:**

The District was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

### **The Present and Planned Uses in the Area**

At present, the land uses within the San Bernardino portion of the District include residential, vacant, and commercial land. The County of San Bernardino has assigned general plan land use designations of Resource Conservation and Rural Commercial.

The land ownership breakdown within the District's boundary is as follows:

Land Owner	Sq Miles	Percentage
Private	8.52	7.3%
US Bureau of Land Management	106.93	91.8%
State of California	1.04	0.9%
<b>Total</b>	<b>116.49</b>	<b>100.0%</b>

source: County of San Bernardino, Information Services Department

### The Present and Probable Need for Public Facilities and Services in the Area

There is a present and probable need for domestic water delivery to the distinct service areas of the District with residential and commercial land uses. The land use in the area is mostly rural with residential and limited commercial along Highway 395. It is not anticipated that the portion within San Bernardino County will experience significant growth given the downward trend in population and current land use patterns to warrant an increased need for service.

For those within the District but not within one of its three service areas, the District participates in the sale of bulk water, according to the District's rate ordinance from 2006 (Ordinance #7 – still in effect).

The District is on the Proposition 84 Second Round Project Priority List for Small Community Infrastructure Improvements for Chemical and Nitrate Contaminants. If received, the grant would be \$500,000 to be used for arsenic treatment for the contaminated well. However, the District is placed in the second tier of the list and receipt is dependent upon fund remaining after the first tier.

### The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides

The District provides water to three communities and one park and is the only water provider in the area. Current connections are 300 with 273 active (about 90 in San Bernardino County). According to the 2007 Water Statistics, the District delivered 39.9 acre-feet of water with approximately 85% for residential use. According to the Kern LAFCO service review, the District states that due to the age of the system the entire system is failing with frequent breaks and leaks. This has resulted in daily fixes.

The water system developed in 1970 and consists of one primary well, one secondary well, three booster stations, 12 miles of pipeline, and three storage tanks with a combined storage of roughly 315,000 gallons. One well has not been used since 2002 when the Environmental Protection Agency lowered maximum arsenic levels. Therefore, the District operates with one well, located in Kern County, which can pump up to 100 gallons per minute. Since there are no other water providers to potentially provide an inter-tie, another well or two wells should be drilled for redundancy. With only one well and no inter-ties, should this well become inactive, the District would lack the capability to provide water to its customers.

The Kern Grand Jury reviewed the District in 2002-03 with a report clarification in 2003-04. The Grand Jury findings related to service delivery were:

- Primary well currently meets arsenic standards.
- District purchased a 210,000-gallon tank from Kern County in 2001 and was awarded a Community Development Block Grant in 2003 from Kern County for installation in 2004.
- District recently installed an automatic system for operating the well and booster pumps during off-peak hours. The District expects to recover the cost of installation through reduced electric bills within five years.

Additionally, the District provides maintenance to a park located in Johannesburg that was willed to the District. The terms of the will require that the park be used for open space (open recreational) purposes. The park includes picnic tables, grills, restrooms, and a baseball field. In 2007-08, the park was repainted with the assistance of community groups, picnic tables were replaced, and a bid process was commenced to upgrade the wheelchair ramp at the District office.

#### The Existence of any Social or Economic Communities of Interest

The social communities of interest are Johannesburg and Randsburg in Kern County and Red Mountain in San Bernardino County. The economic communities of interest are the remaining mining activities, and the commercial activities in Johannesburg and along Highway 395.

The school districts unify the area, and the District is within the Kern Community College District and the Sierra Sands Unified School District and the Trona Joint Unified School District. However, the service area of the District in San Bernardino County is within the Sierra Sands Unified School District. The Sierra Sands Unified School District headquarters is located in Ridgecrest, Kern County, and all of its schools are located in Kern County.

#### **CONCLUSION FOR RAND COMMUNITIES WATER DISTRICT:**

Staff questions why the formation of the District included such a large area in San Bernardino County when the service area comprises a few square miles. Further, roughly 93% of the lands are public and do not require the services of the District.

Kern LAFCO as principal county established the sphere of influence of the District. However, San Bernardino LAFCO has not acknowledged the District's sphere of influence in San Bernardino County. Staff is recommending that the Commission acknowledge the sphere of influence of the District in San Bernardino County as being coterminous with its boundaries.

**CALIFORNIA CITY COMMUNITY SERVICES DISTRICT  
(SAN BERNARDINO COUNTY - DISSOLVED)**

LAFCO 3145 is a clean-up action to officially remove a district (California Community Services District) from the State Board of Equalization tax rolls in San Bernardino County. No action is required by the Commission regarding LAFCO 3145, other than to receive and file this report.

**BACKGROUND:**

During staff's research of the service reviews for the agencies located in the Red Mountain and Searles Valley areas of the County, staff learned that the California City Community Services District (hereafter referred to as "District") was shown as an agency within San Bernardino County on the State Board of Equalization FY 2009/10 Board Roll.

Staff's review of this agency has determined that the District was a multi-county district with Kern County being the principal county. This occurred in 1964, when the District annexed territory within San Bernardino County through LAFCO 170. This proposal was a land-owner initiated annexation, Rancho Land Company, which proposed to develop approximately 60,000 acres within the boundaries of the District. Of the 60,000 acres, 640 were to be developed in San Bernardino County. However, the full extent of development did not cross into San Bernardino County, and the lands remain undeveloped and legally uninhabited.

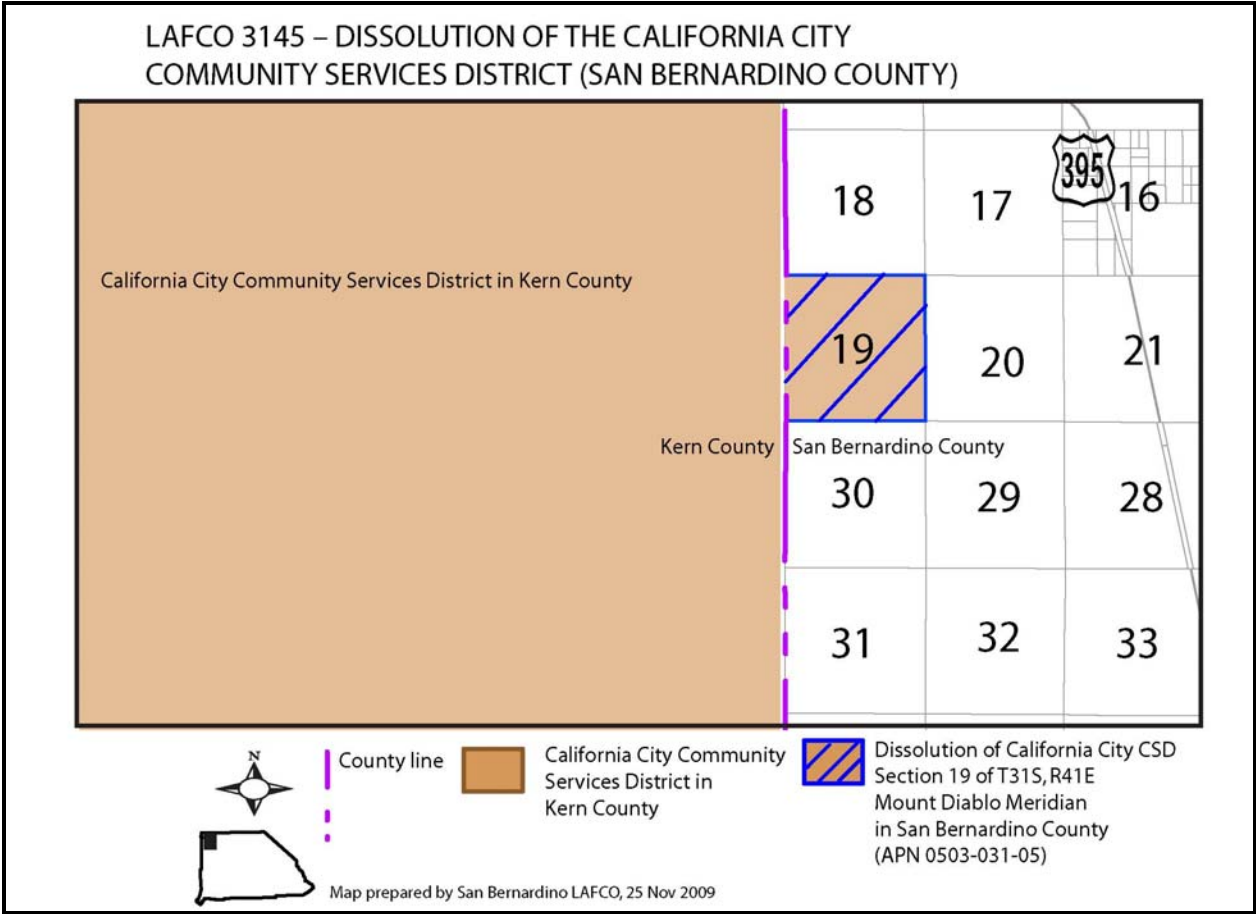
In 2003, as a part of a larger reorganization which included annexations to the City of California City, the District was dissolved by actions taken by Kern LAFCO. The change of organization was ordered by Kern LAFCO without an election. Resolution No. 03-09 of Kern LAFCO, ordering the dissolution and other changes was adopted by the Executive Officer of Kern LAFCO on April 22, 2003. However, Kern LAFCO did not acknowledge the existence of the District in San Bernardino County nor did it record documents regarding the dissolution with the San Bernardino County Recorder. Therefore, the District has remained on the State Board of Equalization Tax Roll in San Bernardino County (TRA 56019) even though it was dissolved, eliminating any administration of the agency. The San Bernardino County Auditor-Controller/Recorder has provided verification that the District has not had any tax or assessment activity in San Bernardino County since 2003.

In November 2009, the San Bernardino LAFCO Executive Officer directed the filing of a Certificate of Completion referencing Kern LAFCO Resolution 03-09 in order to effectuate the change in San Bernardino County. On November 25, 2009, staff recorded the Certificate of Completion and Kern County LAFCO Resolution 03-09 from 2003 with the San Bernardino County Recorder to comply with the requirements outlined in Government Code Section 57203 to record the dissolution of California City Community Services District in both Kern and San Bernardino Counties.

Additionally, staff submitted a Statement of Boundary Change with the State Board of Equalization to officially remove the District from the tax rolls in San Bernardino County. Copies of all documents were provided to the appropriate agencies within the county

including the County Assessor and Property Tax Division of the Auditor-Controller/Recorder.

A map of the dissolution area is shown below and is included as a part of Attachment #5. The study area is located in the north desert portion of the County, and is generally bordered by the Kern County line on the west and comprises all of Section 19, Township 31 South, Range 41 East, Mount Diablo Meridian.



No action is required by the Commission regarding LAFCO 3145, other than to receive and file this report.

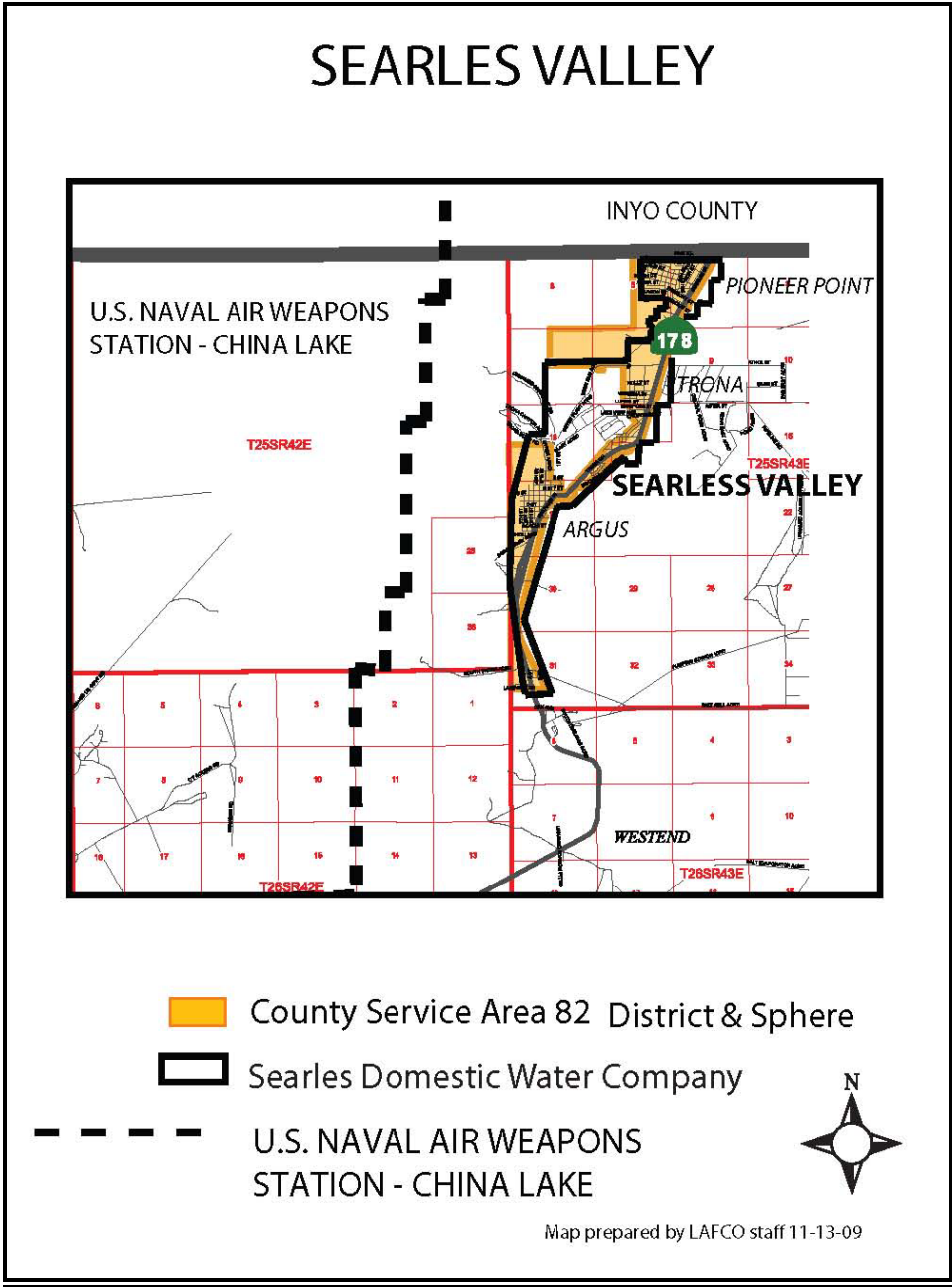
## **SEARLES VALLEY COMMUNITY**

The overall Searles Valley area is located along Highway 178 in the northwestern most portion of the County bordering the southern boundary of Inyo County. Within the Searles Valley are the communities of Pioneer Point, Trona, and Argus. The surrounding geography confines the Searles Valley community. It is located west of the Argus mountain range, south of the Inyo County line, east of the Searles Dry Lake, and north of Poison Canyon. The community is further isolated due to its enclosure by public lands and being located between the western and eastern portions of the China Lake Naval Weapons Center. Therefore, access to the community is restricted to Highway 178 from the south or north. Located southerly of the community is the Trona Pinnacles, a landscape of natural spires rising from the dry lake bed of Searles Lake. The Trona Pinnacles were designated by the Department of the Interior as a National Natural Landmark in 1968.

Since 1983, the Searles Valley community has been defined by LAFCO as the boundaries and sphere of influence of County Service Area 82 (CSA 82), and a service review and sphere of influence update is provided for CSA 82. The reorganization of the San Bernardino County Fire Protection District (LAFCO 3000), effective July 1, 2008, included the transfer of responsibility for fire protection and ambulance services within the Searles Valley from CSA 82 and its improvement zone SV-1 to County Fire and its North Desert Service Zone. The Fire Reorganization also included the balance of the territory outside of CSA 82 within the San Bernardino County Fire Protection District and North Desert Service Zone.

Additionally, information was obtained regarding Searles Domestic Water Company in order to provide the Commission and the public an understanding of the broad range of municipal-type services provided within the community. The Searles Domestic Water Company, a private water company, is the only identified retail water provider within the Searles Valley community. Searles Domestic Water Company is not under LAFCO purview, therefore only information related to a service review is provided in this report.

As shown in the map below, the community is generally defined by the boundaries of the overlaying public service provider, County Service Area 82.



The Searles Valley community is served by multiple public agencies. The public agencies providing direct services to the residents and landowners within the community are:

- County Service Area 82 (cemetery, park and recreation, sewer, and streetlights)
- San Bernardino County Fire Protection District (hereafter shown as "County Fire"), its North Desert Service Zone

Regional service providers include:

- County Service Area 70 (unincorporated County-wide)
- San Bernardino County Flood Control District

**SEARLES VALLEY COMMUNITY HISTORY:**

The following narrative provides a historical perspective of the community from information gathered from local history publications<sup>10</sup> and the Searles Valley Historical Society<sup>11</sup>.

In 1862, John W. Searles came looking for gold and found borax instead in the area known today as Searles Dry Lake. In 1913, the Trona railway was completed connecting the town to the railway in Searles, Kern County. Named after a kind of sodium carbonate, Trona was as officially established in the same year as a self-contained company town, wholly-operated by its resident mining company to house employees. The company even issued its own money called Trona Script to be used in town.

The community peaked in population of around 6,000 during World War I, when Trona was the only reliable American source of potash, an important element used in the production of gunpowder. In 1954, the company town disbanded and sold its homes to employees. In 1962, Searles Valley was declared a California Registered Historic Landmark. Since the late 1950s/early 1960s, the population has dwindled to its current population of roughly 1,800. The heart of the town remains the mining industry, operated by Searles Valley Minerals.

A brief history of the major governmental events for this community and its relationship with the Local Agency Formation Commission is described below, listed chronologically by end date.

- Prior to 1953      The Argus Fire Protection District, County Service Area 1 (Trona – Sanitation, Park and Recreation), Searles Valley Fire Protection District, and Pioneer Point Sanitation were formed to provide services within the adjacent communities of Pioneer Point, Trona, and Argus.
  
- 1964              The formation of County Service Area 22 is initiated by registered voter petition and approved by the County Board of Supervisors in order for the area to benefit from organized cemetery services. LAFCO reviewed and considered the application for formation of CSA 22 (LAFCO 79) and approved the formation. At formation, CSA 22 comprised roughly 1,300 acres which represents much of the current County Service Area 82. The powers for CSA 22 were limited to cemetery ownership and operation.
  
- 1973 - 76      In 1973, the Searles Valley Reorganization Committee was initiated due to a letter from the Grand Jury to LAFCO requesting LAFCO to make a determination regarding the feasibility of expanding the powers of CSA 22 to include all the special districts within Searles Valley. In addition, LAFCO was

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<sup>10</sup> Various, Once Upon a Desert. Mojave River Valley Museum Association, Barstow, CA, 1994; Patricia Keeling, Editor.

<sup>11</sup> Searles Valley Historical Society. website. <http://www1.iwvisp.com/svhs/MasterSiteMap.htm>. Accessed 28 September 2009. Last update 29 January 2005.



requested to determine the need for additional medical services in the Searles Valley area as a result of the closing of the Kerr-McGee Hospital. In 1974, the Committee recommended that none of the districts be consolidated, the sphere of influence for CSA 22 be expanded to include the adjacent chemical plants, and that a Municipal Advisory Committee (MAC) be established as the advisory committee for the five districts in the area (LAFCO 1465). The LAFCO Commission accepted the report without approving it, voted to recommend the establishment of the MAC, and determined that the MAC would constitute a reorganization committee charged with responsibility to report again to LAFCO in April 1975.

In September 1975, the Searles MAC initiated an application to reorganize the five existing agencies into a single county service area with four improvement zones to provide different levels of services. A proposal to establish a community services district for the area was discussed and the facts presented indicated that a county service area would be more feasible; most importantly, at that time community services districts were not authorized to provide cemetery services. In December, the Commission considered and approved the reorganization (LAFCO 1568):

- CSA 22 with enlarged boundaries became CSA 82 with the following powers: sanitation and sewer, streetlighting, fire protection, cemetery, animal control, and parks and recreation.
- Argus Fire Protection District became Improvement Zone SV1
- Searles Valley Fire Protection District became Improvement Zone SV2
- CSA 1 (Trona) became Improvement Zone SV3 to provide sanitation, park and recreation, and streetlights
- Pioneer Point Sanitation District became Improvement Zone SV4.

In 1976, the Board of Supervisors approved the reorganization and set a date for an election for final approval by the electorate. The registered voters approved the measures to reorganize the agencies, establish a tax rate, and establish a nine-member Municipal Advisory Committee appointed by the Board of Supervisors.

1977

When special districts gained representation on the LAFCO Commission, the County responded to LAFCO's request to list CSA 82's active functions and services. The County identified to LAFCO that CSA 82 actively provided sewer, streetlighting, fire protection, cemetery, ambulance, animal control, and parks and recreation.

The Board of Supervisors approved a contract with Kern County for Kern County Fire Department to provide fire protection services generally along Highway 395 from the Highway 58 intersection through Red Mountain up to Windy Acres adjacent to the City of Ridgecrest.

- 1983 The formation of CSA 82 in 1976 did not include the establishment of a sphere of influence. LAFCO 2215 established the sphere of influence for CSA 82 as coterminous with its boundaries.
- 1990 A group comprised of the former Kerr-McGee Chemical Corporation, landowners, and registered voters in the community expressed interest to LAFCO in studying city incorporation. LAFCO staff requested from the State Board of Equalization an estimate of sales tax revenue in the area in order to assess the financial viability of cityhood. The response from the Board of Equalization indicated that sales tax estimate for the area was quite low.
- 2000 The Board of Supervisors dissolved CSA 82 SV-3 and CSA 82 SV-4 and transferred the service authority to CSA 82 through Resolution No. 2000-132.
- 2009 Since the service of fire protection had been transferred from CSA 82 SV-1 to the San Bernardino County Fire Protection District as a part of the County Fire Reorganization effective July 1, 2008 (LAFCO 3000), the Board of Supervisors formally took action to dissolve CSA 82 SV-1 on December 1, 2009.

## **COUNTY SERVICE AREA 82 (Searles Valley) Service Review and Sphere of Influence Update**

### **INTRODUCTION:**

LAFCO 3025 consists of a service review pursuant to Government Code Section 56430 and sphere of influence (sphere) update pursuant to Government Code 56425 for County Service Area 82 (Searles Valley).

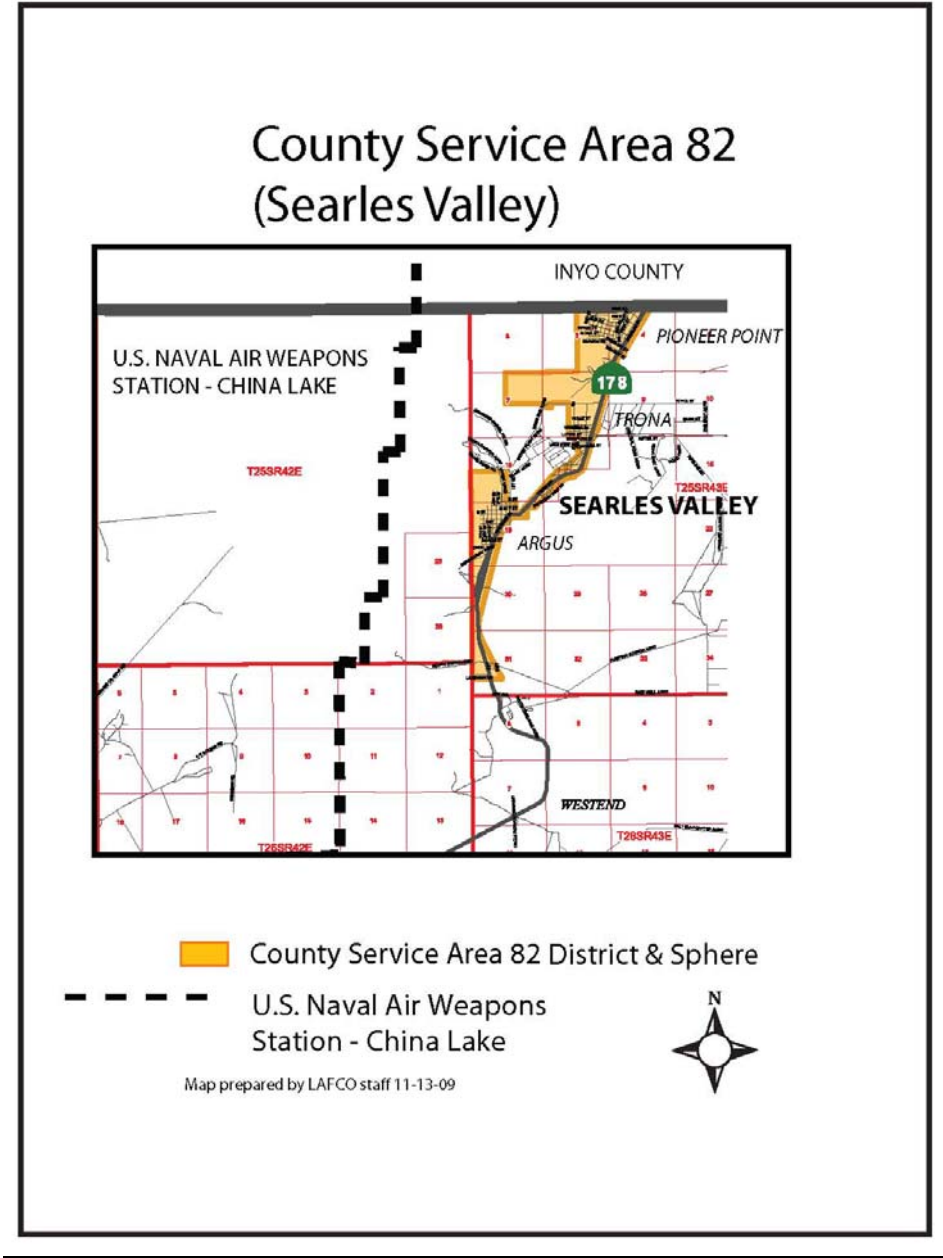
County Service Area 82 (CSA 82) was formed in 1976 as a reorganization of five overlapping or adjacent agencies in the Searles Valley area to provide sanitation and sewer, streetlighting, fire protection, cemetery, animal control, and parks and recreation service. CSA 82 is a dependent special district governed by the County of San Bernardino Board of Supervisors and operates under County Service Area Law (Government Code Section 25210 et seq.). Currently, CSA 82 is authorized by LAFCO to provide cemetery, animal control, park and recreation, streetlighting, and sewer service pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. However, CSA 82 does not actively provide animal control services and does not currently play an active role in the administration or operations of the cemetery. (See further discussion in the sphere of influence portion of the CSA 82 report.)

As discussed in the balance of this report, LAFCO and County Special District Department staff recommends a sphere expansion of approximately 2.1 square miles to encompass the Searles Valley community.

### **LOCATION AND BOUNDARIES:**

CSA 82 encompasses approximately 3.5 square miles and has not altered its boundaries since its formation in 1976. The boundaries of CSA 82 generally follow the geography of the area, excluding the Searles Valley Minerals plants, and are enclosed by public lands. In the formation of CSA 82 the mineral plants requested not to be included in CSA 82 on the basis of their opposition to paying the additional tax rate that would have applied. There have been no annexations since its formation.

CSA 82 is bordered by a combination of the Searles mountain range and the self-sustaining Searles Valley Minerals plant on the west; the Inyo County line on the north; the Searles Dry Lake on the east; and a combination of the self-sustaining Searles Valley Minerals plant and Poison Canyon on the south. Thus, the existing boundaries of CSA 82 can be considered as the maximum possible service area because of the confining geography, current land uses, and open mineral resources. As illustrated in the map below and included as a part of Attachment #6, CSA 82's sphere is coterminous with its boundaries.



**SERVICE REVIEW**

The County Special Districts Department, administrators for board-governed special districts, prepared a service review consistent with San Bernardino LAFCO policies and procedures. The Department’s response on behalf of CSA 82 to LAFCO’s original and updated requests for materials includes, but is not limited to, the narrative response to LAFCO staff’s request for information and CSA 82’s audits and budgets. The Department’s response and supporting materials are included as a part of Attachment #6 and are incorporated in the information below.

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

According to the staff report for the formation of CSA 82, in 1976 the population was roughly 4,500. The U.S. Census Bureau identifies the population of Searles Valley (a Census Designated Place) as 2,740 in 1990, decreasing to 1,885 in 2000<sup>12</sup>. According to County of San Bernardino land use records, roughly 72% of the area is under private landownership and roughly 28% is under landownership of the Bureau of Land Management. The assigned General Plan land use designations in the area consist mainly of industrial, commercial, residential, and resource conservation. The resource conservation designation is tied to the public lands in the area.

In the other service reviews conducted for the north desert communities, staff utilized population projections of the Transportation Analysis Zones developed by the Southern California Association of Governments. However, Transportation Analysis Zone data cannot be isolated for this small community. Nonetheless, given the downward trend in population, current land use patterns, and geographical constraints, it is possible that the area will experience further decreases in population.

Foreclosure activity has affected the region in general and the Searles Valley is no exception. According to data obtained from staff of the County of San Bernardino Assessor Office, from 2004 to July 2009, the Trona area (Searles Valley) had 43 foreclosures. For the purposes of generally representing the extent of the foreclosure activity, the County identifies that there are 1,143 residential parcels within the community. The foreclosure of 43 homes since 2004 represents 3.8% of the residential parcels within the community – generally better in comparison with other communities within the region.

### **Reduction in Property Tax Values**

The mineral plants adjacent to CSA 82 have historically possessed the vast majority of the assessed value of the properties in the overall area. In 2004 the mineral plants were sold to its current owner. As a result of the sale, as required by Prop 13, the properties were reassessed at the sale price, an estimated 85% reduction in value. The lowered assessed value results in less property tax revenues to the other public entities that provide services to the overall area. Those entities which receive a share of the one percent ad valorem are identified as County Fire, County General Fund, which includes the Sheriff, and school districts. Unfortunately, the assessed valuation reduction due to sale will have long-term effects as Prop 13 limits increases to 2% per year. The only other change would be through a sale or development on the property.

## **II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

CSA 82 is authorized by LAFCO to provide park and recreation, streetlighting, sewer, cemetery, and animal control services. Water to the area is provided by a private water company, the Searles Domestic Water Company. Fire protection is provided by the San Bernardino County Fire Protection District and its North Desert Service Zone.

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<sup>12</sup> U.S. Census, Census 2000, 1990 Census

### Park and Recreation

CSA 82 operates a one-acre park located on Trona Road. Given the arid environment, the park is a combination of gravel and dirt. Located on the grounds is a parking area, restrooms, picnic tables with shade roof, and a kiosk displaying history and activity information. CSA 82 has no park master plan for the park and no plans for expansion or additional parks. No recreational activities are provided; however, recreational services are provided by the San Bernardino County Department of Aging and Adult Services at the Doris Bray Senior Center located on Market Street in Trona. In 1993, the County transferred ownership through grant deed to the Searles Valley Community Services Council, Inc. (a non-profit organization). The transfer was done in conjunction with a maintenance and operations agreement between the non-profit organization and County Economic and Community Development for the continued operation of the facility as a senior center. Currently, the property and senior center is owned and operated by the Trona Community Senior Center Operations, Inc.

In 2008, the park restrooms were refurbished through receipt of a Community Development Block grant.

### Streetlighting

LAFCO staff has verified that CSA 82 maintains 75 streetlights within the community. The streetlights are classified as all night service (activated from dusk until dawn). Southern California Edison owns the streetlights and responds to problems, and CSA 82 provides for payment of the utility costs for their operation. There are no plans at this time to increase the number of streetlights. There is no other existing service provider for streetlights in the area (County Service Area 70 which overlays CSA 82 is authorized streetlighting services, but requires creation of an Improvement Zone to provide), and the service is adequately provided. The future need for streetlights will increase if the population grows, dependent upon the implementation of the County's Night Sky Ordinance<sup>13</sup> within this portion of the desert. The purpose of the Night Sky Ordinance is to encourage outdoor lighting practices and systems that will minimize light pollution, conserve energy, and curtail the degradation of the nighttime visual environment.

### Sewer

CSA 82 is responsible for collection, treatment, and disposal of domestic wastewater and septage generated within the community. Through the Water and Sanitation Division of the County Special Districts Department, CSA 82 operates and maintains 6.7 miles of sewer lines in Trona and 4.9 miles in Pioneer Point. The sewer lines deliver the collected effluent to three large septic tank systems for wastewater treatment prior to disposing of the effluent in a recharge trench on the Searles Dry Lake bed. Septage is pumped from the tanks at two to four year intervals and discharged to ponds and allowed to dry. Disposal facilities consist of the recharge trench on the west side of Searles Dry Lake bed and sludge drying beds on the east side of the Searles Dry Lake bed. The North Pioneer Point system has a designed flow of 0.096 million gallons per day (mgd), the South Pioneer Point is 0.031 mgd, and the Trona system is 0.12 mgd. The total combined effluent flow of wastewater is

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<sup>13</sup> County of San Bernardino, Development Code Chapter 83.07, Adopted Ordinance 4011 (2007).

designed not to exceed 0.247 mgd. A review of the records on file since 2000 with the Lahontan Regional Water Quality Control Board does not identify any enforcement actions regarding CSA 82.

The flow to the septic systems is unmetered and has been estimated from potable water usage by Special Districts Department. Flow is estimated to be roughly 0.052 mgd for the North Pioneer Point system, 0.022 mgd for the South Pioneer Point system, and 0.11 mgd for the Trona system. The combined effluent flow of wastewater is 0.184 mgd. Therefore, the present flow of 0.184 mgd is at 75% of the designed not-to-exceed flow of 0.247 mgd. Generally, the construction of additional capacity should be initiated when the existing facilities reach 80% of the current rated capacity in order for construction to be completed before the facilities reach 90% of rated capacity. However, given the negative growth trend, planning for additional capacity is not currently being conducted. Should the population return to its level from the 1970s or the land use be maximized through build-out conditions, the existing system would not be able support the population and would require expansion.

In its response for this service review, Special Districts Department identified that relining of the pipe sections that may have slipped joints or cracks will need to occur. These repairs are anticipated to be funded from CSA 82's capital fund. Capital improvements planned in the FY 2009-10 Budget are sealing of the sewer manholes totaling \$99,646.

In 2008, there were 780 active equivalent dwelling units (edus). The chart below shows that the number of active edus since 2001 has remained relatively static.

Year	2001	2002	2003	2004	2005	2006	2007	2008
EDUs	787	786	785	783	783	783	780	780

Due to the Water and Sanitation Division of the County Special Districts Department being located in Victorville, the maintenance operators cannot respond to emergencies in this community in a timely manner. As a result, the County Board of Supervisors has contracted with a private company (Caraway Constructions, Inc. of Trona) to respond to emergencies. Such duties include responding to trouble calls, clearing sewer line blockages, and other repair services as directed. The current contract was amended by the Board of Supervisors on July 14, 2009 (Agenda Item 82). The amendment extends the contract through June 30, 2010 in an amount not to exceed \$75,000 for the year.

### Animal Control

CSA 82 does not actively provide animal control. Special Districts Department staff has indicated that considerable time has passed since animal control services were provided. No information was provided to define the termination date for this service.

### Cemetery

#### *Cemetery and District Establishment*

In 1964, the Searles Valley Cemetery Association lobbied for the formation of the former County Service Area 22 (CSA 22) to provide cemetery services to the Searles Valley

community. The impetus for forming a public agency was to operate the community's cemetery as a public cemetery rather than a private cemetery which would have required an initial endowment fund balance of \$25,000. Land for the cemetery was donated by the former American Potash and Chemical Corporation to the Association and was subsequently transferred to CSA 22, as the responsible entity.

In 1976, County Service Area 82 (CSA 82) was formed as a reorganization of five overlapping or adjacent agencies in the Searles Valley community, including CSA 22, with cemetery services listed among the authorized services. During the reorganization process, formation of a community services district was considered as an option, but at that time community services districts were not authorized to provide cemetery services. CSA 82 did not exist at the time that Special District representation was seated on the Commission; therefore, its services were not listed in the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. In 1977 LAFCO recognized the functions for CSA 82, including cemetery. Therefore, since 1964 CSA 22 and then CSA 82 has been the responsible entity to provide cemetery services within the community.

#### *Cemetery Administration, Operation, and Maintenance*

As a part of the Service Review discussion, Special Districts Department staff has indicated that it does not directly provide oversight, administration, or engage in the operations and maintenance of the cemetery. Rather, the County owns the land which are the cemetery grounds and the Searles Valley Cemetery Association (a non-profit association) directly administers, operates, and maintains the cemetery. County Assessor records identify that the cemetery is comprised of two parcels totaling 10.29 acres (APN 048504128 - 4.69 acres and APN 048502121 - 5.60). A review of the records on file with the California Secretary of State identifies the Searles Valley Cemetery Association as an active corporation with a filing date of December 31, 1959. A copy of information regarding the Association provided by the Association to Special Districts Department is included as a part of Attachment #6.

Even though CSA 82 receives a share of the one percent ad valorem general levy, the budgets for the agency do not acknowledge this service. Therefore, the cemetery operation does not receive proceeds from the ad valorem taxes for its operations. All funding comes from private donations or from charges for burials of persons not residents of the Searles Valley community which are paid to the Association. There is no mention of the cemetery operations audits for CSA 82 or the County and there is no cemetery master plan or study. All cemetery lands have been donated from the neighboring chemical/mining plants either directly to the County or to the Association and then transferred to the County.

The Association holds quarterly meetings at the Trona Senior Center. According to the Association, a copy of each burial permit is provided to the Registrar of the County Health Department. The Association's goal and practice is to provide free burial to the residents in the area. There are no fees charged to local residents, but non-local residents are charged \$300 for burial and \$100 for cremated remains. Electricity and water service to the cemetery is provided, at no cost, by Searles Valley Minerals Inc.



Current burial statistics, shown below, identify only 14 available plots. However, in 2008 the Searles Valley Minerals Operations, Inc, donated a 5.6 acre parcel to the County of San Bernardino, "for the use and benefit of County Service Area No. 82" as stated in the grant deed transferring the property. This transfer was accepted by the Director of Special Districts on June 11, 2008. The additional parcel is located across the street from the original cemetery for use as cemetery grounds.

Number of plots	1,316
Burials – plots only	865
Reserved plots	437
Available plots	14

The Association operates with adopted by-laws and has an eleven member elected board of directors. According to the Association, all members are volunteers and receive no payments for their services. The current officers of the Association are:

Andrew Ledesma	President
Gary Giraud	Vice President
Dorothy O'Donnell	Secretary
Ruth Payton	Treasurer

*Cemetery is under County Jurisdiction and Control*

The statutory authority for county board of supervisors to control or operate public cemeteries is contained within Health and Safety Code Section 8125 et seq. Those statutes are less detailed than the more extensive Public Cemetery District Law (Health and Safety 9000, et. seq.). Since the re-write of County Service Area Law, effective January 1, 2009, county service areas are explicitly authorized to provide cemetery services and facilities (Govt Code 25213 (r)), and the predecessor cross-reference to Public Cemetery Law was removed. Regardless of which statutes the cemetery operated under, if not owned by a city or by a fraternal or beneficial association or society, public cemeteries are under the jurisdiction and control of the board of supervisors of the county in which they are situated (Health and Safety 8131).

The authorities having jurisdiction and control of cemeteries may make and enforce general rules and regulations, and appoint sextons or other officers to enforce obedience to the rules and regulations, with such powers and duties the cemetery as may be necessary (Health and Safety 8133). However, the County, on behalf of CSA 82 as the successor to CSA 22, owns the land of the cemetery grounds and the Searles Valley Cemetery Association administers, operates, and maintains the cemetery, although neither party could provide a written agreement for this management structure.

On at least two occasions, once in 1964 and again in 1982, the Association through written correspondence to the County requested a contract or agreement with the County to clarify the operation of the Cemetery. The Association's request was to provide a contract which removed the County from any expense related to the cemetery and to vest management of the cemetery in the Association. Without such an agreement outlining each party's responsibilities, the ownership, operational control, liability, and ultimate responsibility lies

with County Service Area 82. When the County accepted ownership of the original cemetery parcel in 1964 from the Association on behalf of CSA 22, CSA 22 became the responsible entity for administration, operation, and maintenance of the cemetery.

LAFCO is aware that the County operates a cemetery in Lucerne Valley through County Service Area 29 and that the cemetery is operated as an endowment care cemetery generally under the provisions outlined in Public Cemetery District Law with an adopted fee schedule and endowment deposits. Conversely, the Searles Valley cemetery is funded by donations and free burial is provided to the residents in the area as determined by the Association. Therefore, there is no endowment fund for care, maintenance, and/or embellishment of the cemetery. LAFCO staff questions how the County can operate one county service area with an endowment care cemetery and direct County oversight and the other without endowment care funds with direct operations being provided by a non-profit association without any County oversight or agreement to transfer management authority.

### *Cemetery Conclusion*

A public body owning the cemetery lands and being authorized by its formation to provide cemetery services but with a non-profit association directly administering, operating, and maintaining the cemetery without a written agreement is a unique circumstance. Even though the Association administers and operates the cemetery, CSA 82, and the County as its governing body, is responsible and liable for all matters related to the cemetery. This position is based upon the determination that the lands are owned in the name of the County on behalf of CSA 82, CSA 82 (with the Board of Supervisors acting as the governing authority) is authorized through its formation to provide cemetery services within its boundaries as the successor to the operations of CSA 22 formed for the purpose of operating the cemetery, and if not owned by a city or by a fraternal or beneficial association or society, public cemeteries are under the jurisdiction and control of the board of supervisors of the county in which they are situated. Moreover, when the County accepted ownership of the original cemetery parcel in 1964 from the Association on behalf of CSA 22, CSA 22 became the responsible entity for administration, operation, and maintenance of the cemetery. Additionally, should there be a discontinuance of water or electricity service by Searles Valley Minerals, CSA 82 as the responsible and liable entity for the cemetery would be responsible for providing a mechanism to assure water and electrical service.

In the LAFCO staff opinion, the County should take one of the following options to clarify this management structure:

1. Enter into a written agreement with the Searles Valley Cemetery Association in order to outline each party's responsibilities, or
2. Divest CSA 82 of the cemetery function and deed the cemetery lands to the Association along with some funding to secure the endowment of the cemetery since CSA 82, and its predecessor CSA 22, received and currently receives a share of the one percent ad valorem general levy. Such a transfer would allow the Association to provide for the necessary endowment fund required due to the existing cemetery grounds exceeding 10 acres in size, or

3. Assume full operational and direct control of the cemetery.

LAFCO staff supports Option #1 identified above as it would provide for recognition of the historic operation of the cemetery and provide for a clear management structure.

**III. Financial ability of agencies to provide services.**

The sources of revenue for CSA 82 are its share of the general property tax levy and charges for sewer services. The majority of expenditures pay for the streetlighting costs to Southern California Edison, operations and maintenance of the sewer system, maintenance of the park facilities, and transfers to other County Special District funds to pay for CSA 82’s share of management and services support costs.

LAFCO staff has two specific concerns regarding the District’s finances. First, the funds and budgets for CSA 82 are titled “Parks and Streetlighting” and “Sanitation”. However, Special Districts Department staff has confirmed that streetlights (non-enterprise activity) are paid and in general managed from the Sanitation fund (enterprise fund). In the budget tables below, it remains unclear as to which category of expenditure accounts streetlights are paid. Further, these are separate activities and each activity should either have its own dedicated budget or be identified as separate line items, as are all other county-operated districts.

Second, the audits recognize property tax revenues but the budgets do not. As an illustration, the tables below would indicate that the CSA 82 historically does not receive property taxes. However, property tax revenues are received for CSA 82 and are deposited into the Sanitation Replacement Reserve fund (Fund EIG). Then, the revenues are transferred to the Sanitation operating fund (EFY), which then transfers a portion to the Streetlighting and Park and Recreation fund (SOZ). This shift is recognized in the budgets as a part of Operating Transfers In, rather than as the proceeds of property taxes.

**CSA 82 Streetlighting and Park Fund Activity**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Budget
<b>Expenditures</b>				
Services & Supplies	\$14,818	\$14,416	\$19,215	\$23,550
Transfers Out	8,730	6,830	5,961	5,358
Reserves & Contingencies	0	0	0	11,428
<b>Total Expenditures</b>	<b>\$23,548</b>	<b>\$21,246</b>	<b>\$25,176</b>	<b>\$40,336</b>
<b>Revenue</b>				
Taxes	0	\$0	0	0
Use of Money	514	573	773	500
Other Revenue	5	23	181	0
Operating Transfer In	25,046	25,046	25,046	25,046
<b>Total Revenue</b>	<b>\$25,565</b>	<b>\$25,642</b>	<b>\$26,000</b>	<b>\$25,546</b>
<b>Net</b>	2,017	4,396	824	(14,790)
<b>Fund Balance</b>	<b>\$9,570</b>	<b>\$13,966</b>	<b>14,790<sup>1</sup></b>	<b>\$0<sup>1</sup></b>
Sources: FY 2008-09 Final Budget, FY 2009-10 Final Budget				
<sup>1</sup> Calculated by LAFCO staff				

**CSA 82 Sewer Fund Activity**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Budget
<b>Expenditures</b>				
Services & Supplies	\$35,261	\$35,436	\$(10,761)	\$111,906
Transfers Out	285,386	285,615	286,745	288,295
Operating Transfers Out	29,998	65,795	25,046	40,191
Reserves & Contingencies	0	0	0	168,235
<b>Total Expenditures</b>	<b>\$350,645</b>	<b>\$386,846</b>	<b>\$301,030</b>	<b>\$608,627</b>
<b>Revenue</b>				
Taxes	\$0	\$0	\$0	\$0
Use of Money	5,233	4,884	33,603	3,150
Current Services	199,193	213,286	211,661	273,957
Other Revenue	1,201	6,229	3,000	2,675
Operating Transfer In	185,782	205,000	115,113	124,673
<b>Total Revenue</b>	<b>\$391,409</b>	<b>\$429,399</b>	<b>\$333,397</b>	<b>\$404,455</b>
<b>Net</b>	40,764	42,553	32,367	(204,172)
<b>Fund Balance</b>	<b>\$129,252</b>	<b>\$171,805</b>	<b>\$204,172<sup>1</sup></b>	<b>\$0<sup>1</sup></b>
Sources: FY 2008-09 Final Budget, FY 2009-10 Final Budget				
<sup>1</sup> Calculated by LAFCO staff				

Thus, those who reference the budget alone are not aware that CSA 82 receives property taxes.

The table below outlines the process for deposit of the proceeds of ad valorem property taxes once received by the County Treasurer/Tax Collector. Thereafter, the transfer of the CSA 82 property tax revenues takes place with references to this table highlighted in the charts above:

**Property Tax Activity for FY 2008-09**

Property taxes deposited into Sanitation Replacement Reserve fund (Fund EIG)	\$54,934.73
Operating Transfer In to the Sanitation operating fund (EFY)	\$115,113 (combination of property taxes and other revenues)
Operating Transfer from Sanitation operating fund (EFY) to Streetlighting and Park and Recreation fund (SOZ)	\$25,046
source: FY 2009-10 Final Budget and County of San Bernardino Financial Accounting System	

The budget tables above show the financial activity for the 1) Park and Streetlighting fund and 2) Sanitation fund. As identified in the FY 2009-10 Budget, CSA 82 is anticipated to have a year-end fund balance of zero dollars in each fund. However, CSA 82 historically has not utilized the budgeted Reserves and Contingencies. If Reserves and Contingencies are not utilized during FY 2009-10, the estimated fund balance at the end of FY 2009-10 would be \$11,428 for the streetlighting and park and recreation fund and \$168,235 for the sewer fund. Generally, revenues are adequate to support the current activities but do not allow for additional significant activity.

At the end of FY 2008-09, the CSA 82 Capital Replacement Reserve fund had a balance of \$302,384 and the Capital Expansion Reserve fund had a balance of \$237,342.

#### Appropriation Limit

Article XIII B of the State Constitution (Gann Limit<sup>14</sup>) mandates local government agencies to establish an appropriations limit. Section 9 of this Article provides exemptions to the appropriations limit. Specifically, Section 9 (c) exempts the appropriations limit for special districts which existed on January 1, 1978 and which did not levy an ad valorem tax on property in excess of 12 ½ cents per \$100 of assessed value for the 1977-78 fiscal year. LAFCO staff has verified that the District's levy in 1977-78 was 12.25 cents per \$100.

However, the tax shares of the former CSA 82 improvement zones of SV-2 (\$0.7261 - Searles Valley fire), SV-3 (\$1.4583 - sanitation, park and recreation, and streetlights), and SV-4 (\$2.1362 - Pioneer Point sanitation) were transferred to CSA 82 upon their dissolution. A copy of the FY 1977-78 property tax rates is included as a part of Attachment #6, with the District and the former improvement zones highlighted for reference. The combined tax rate of CSA 82 and of the former improvements zones that it succeeded to is over 12.5 cents per \$100. Therefore, CSA 82 is subject to an appropriations limit.

LAFCO staff met with representatives from the County Auditor-Controller/Recorder office regarding the establishment of an appropriation limit for CSA 82 in September 2009. They have indicated their intent to present CSA 82's appropriations limit establishment for Board of Supervisor consideration in February 2010.

#### **IV. Status of, and opportunities for, shared facilities.**

The Special Districts Department consolidates the administrative operations and facilities for county service areas and improvement zones under the auspices of CSA 70.

#### **V. Accountability for community service needs, including governmental structure and operational efficiencies.**

##### *Local Government Structure and Community Service Needs*

CSA 82 is governed by the County Board of Supervisors and administered by the County Special Districts Department; it is within the political boundaries of the First Supervisorial

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<sup>14</sup> In 1979 the voters amended the California Constitution by passing Proposition 4 (the Gann Initiative), requiring each local government to set an annual appropriations limit (the Gann Limit).

District. Searles Valley has a municipal advisory council (MAC), authorized under Government Code Section 31010. MAC members are appointed by the First District Supervisor and must reside within the boundaries of CSA 82. Issues and concerns regarding CSA 82's services are placed on the monthly MAC agendas. At these meetings, Special Districts Department staff and community members have the opportunity to address the issues. The Searles Valley MAC meets on the fourth Wednesday of the month at the Doris Bray Senior Center. The current members of the Searles Valley MAC are David Barrett, Reva Williams, Shirley Hodge, Loc Dinh, and Drew Sunderman.

CSA 82's budgets are prepared as a part of the County Special Districts Department's annual budgeting process. CSA 82's annual budget is presented to the County Administrative Office and Board of Supervisors for review and approval.

### *Operational Efficiency*

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services and Board-governed agencies under County Service Area 70. Therefore, CSA 82 has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it and pays a proportional cost of the administrative functions of the County Special Districts Department. To pay for these functions, the FY 2009-10 Budget includes transfers to CSA 70 Countywide as follows:

- \$5,358 from the Streetlighting and Park and Recreation fund for management and operations support (\$3,620 for Salaries and Benefits and \$1,738 for Services and Supplies).
- \$288,295 from the Sanitation fund (\$214,800 for Salaries and Benefits; \$50,933 for Services and Supplies; and \$22,562 for fixed assets to offset fleet equipment usage and depreciation).

One regional manager of Special Districts Department oversees all the streetlight districts and one inspector provides support services such as inventory, streetlight requests, and plan review. Sewer maintenance and operation are provided by the Water and Sanitation Division of the County Special Districts Department and emergency sewer services have been contracted to a private company.

### *Government Structure Options*

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Service Agreements:

Special Districts Department staff has indicated that CSA 82 does not provide any direct service outside of its boundaries. Although not an out-of-agency service agreement, the Searles Valley Cemetery Association allows non-local residents to be buried at the cemetery and in turn charges \$300 for burial and \$100 for cremated remains at the County-owned cemetery.

#### Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options. Special Districts Department staff in preparing the service review indicated that there were no consolidations or other structure options available for the operation of CSA 82 due to its remote location.

- Expansion of boundaries. One option would be for CSA 82 to expand its boundaries to include the two adjacent Searles Valley Minerals plants. Essentially, the community was formed as a company town and the community continues to exist due to the plants operations. Inclusion of the plants would benefit CSA 82 because CSA 82 would receive a greater share of the one percent ad valorem which would assist greatly in the provision of services. As for the mineral plants, they would continue to pay the one percent ad valorem property tax but a greater share would go to the public agency that provides direct services to the surrounding residents.

Expansion beyond the plants is not feasible since the community is geographically constrained on all sides and the surrounding areas contain open mineral sources and public lands.

- Formation of a Community Services District. The residents within the community could also submit an application to LAFCO to form an independent community services district (CSD). Through this formation, the CSD would have a range of services to provide based upon financial determinations and desire by residents. The voters would select the board of directors, which must reside within the district. However, there has been no expressed desire at this time provided to LAFCO by CSA 82 or residents to form a community services district.
- Maintenance of the status quo. Special Districts Department staff states that due to the size and location of CSA 82, the community is best served through a county service area, by definition a financing entity for the County, to provide the range and level of service desired, and where it can enjoy economies of scale while paying minimal costs for the services received.

#### **SPHERE OF INFLUENCE UPDATE**

***LAFCO staff recommends that the Commission expand the sphere of influence for County Service Area 82 by approximately 2.1 square miles to encompass the Searles Valley community.***

***LAFCO staff also recommends that the Commission acknowledge that County Service Area 82 actively provides park and recreation, streetlighting, cemetery, and sewer services.***

### Sphere of Influence

CSA 82's sphere of influence and boundaries are coterminous and have been coterminous since 1983. When CSA 82 was formed in 1976, the owner of the mineral plants at that time requested exclusion from the boundaries on the basis that the plants were self-sustaining and would not require services from CSA 82. Inclusion within CSA 82 prior to 1979 would have obligated the plants to pay the supplemental tax rate imposed by the agency during the budgetary process. However, since approval of Prop. 13, this is no longer the case. There is no change in the ad valorem property tax based upon annexation. As of today, the plants remain outside the boundaries of CSA 82.

However, the community was formed as a company town and the community continues to exist due to the plants operations. The mineral plants are the focal point of the community and there is much interplay between the CSA 82 and the mineral plants. As recently as 2008, Searles Valley Minerals donated land to CSA 82 for use as additional cemetery grounds. Additionally, the private water purveyor in the community, Searles Domestic Water Company – a subsidiary of Searles Valley Minerals, serves territory in the community, both within and outside of CSA 82's boundaries. In essence the boundaries of the Searles Domestic Water Company define the community.

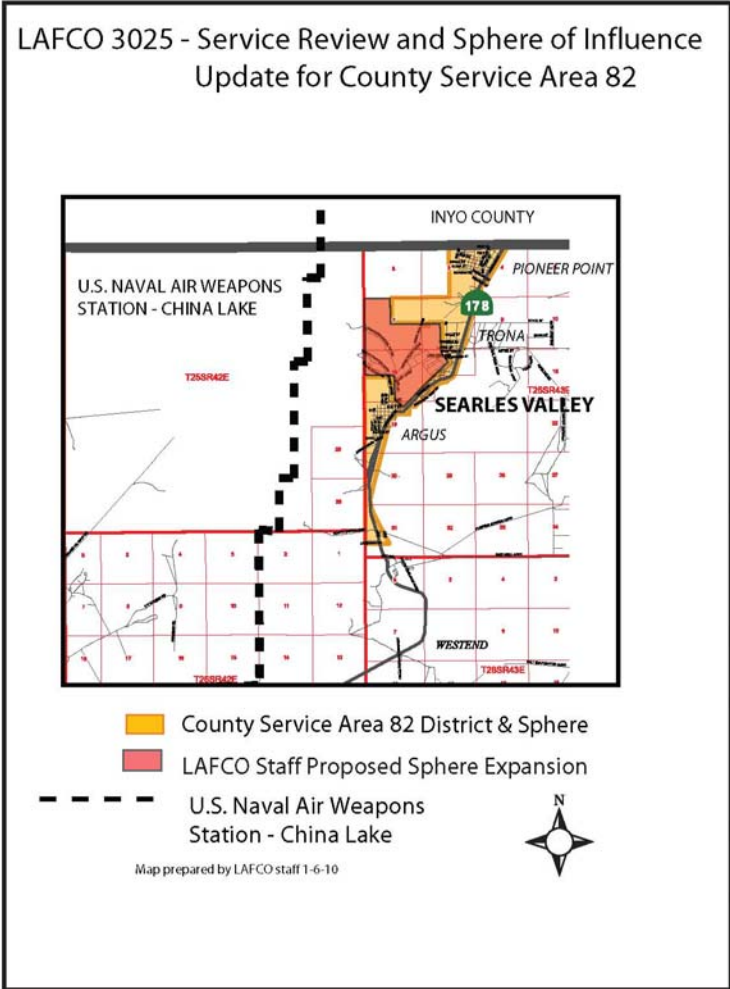
Given the role of Searles Valley Minerals in the community and the Commission's policy guidelines to define a community through the sphere of influence designation for all related service providers, staff recommends that the Commission expand the CSA 82 sphere of influence to encompass the Searles Valley community as defined by the Searles Domestic Water Company as follows:

Expansion of approximately 2.10 square miles to encompass the remainder of Sections 7, 8, and 18 and a portion of Section 17 of T25S, R43E.

County Special Districts Department, as administrators for County Service Area 82, have provided a letter indicating no opposition to staff's proposed expansion (letter from Special Districts Department included in Attachment #6).

A map of LAFCO staff's proposed sphere expansion is below and is included as a part of Attachment #6.





Authorized Powers

When updating a sphere of influence for a special district, the Commission shall (1) require existing districts to file written statements with the Commission specifying the functions or classes of services provided by those districts and (2) establish the nature, location, and extent of any functions or classes of services provided by existing districts (Government Code §56425(i)). Special Districts Department has identified that CSA 82 actively provides Streetlighting, Park and Recreation, and Sewer services. As identified in the discussion regarding the Searles Valley Cemetery, CSA 82 is responsible for cemetery services even though it does not play a direct role in its administration or operation. CSA 82 however does not utilize its authorized Animal Control function. Both LAFCO and Special District Department staffs agree that the Animal Control function should be removed since CSA 82 has not provided the service for many years (letter from Special Districts Department included in Attachment #6).

In previous sphere of influence updates for independent and dependent special districts, the Commission has established the functions and services that districts actively provided by initiating and updating its *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special*

*Districts.* Unfortunately, legislative changes effective January 1, 2009 no longer allow the Commission to initiate the activation or divestiture of a function from a special district. However, Government Code Section 25213.6 (County Service Area Law) permits the Board of Supervisors through adoption of a resolution to divest a county service area of the authority to provide a service if the proposed divestiture would not require another public agency other than the county to provide a new or higher level of service or facilities.

Staff recommends that the Commission:

- Expand the sphere of influence for County Service Area 82 by approximately 2.1 square miles to encompass the Searles Valley community.
- Acknowledge that CSA 82 actively provides park and recreation, streetlighting, cemetery, and sewer services.
- Request the County to take action to divest CSA 82 of its Animal Control function and file the appropriate resolution with the Commission, and
- Direct staff to update the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* upon receipt of the County’s resolution divesting CSA 82 of the Animal Control function.

**FACTORS OF CONSIDERATION:**

Special Districts Department was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

The Present and Planned Uses in the Area

At present, the land uses in the area consist mainly of industrial, commercial, and resource conservation. It is not anticipated that the community will experience significant growth given the downward trend in population, current land use patterns, and geographical constraints. The land ownership breakdown within CSA 82 is as follows:

Land Owner	Acres	Percentage
Private	1,501.2	72.5%
US Bureau of Land Management	570.2	27.5%
<b>Total</b>	<b>2,071.4</b>	<b>100.0%</b>

source: County of San Bernardino, Information Services Department

The Present and Probable Need for Public Facilities and Services in the Area

CSA 82 maintains 75 streetlights within the community. There are no plans at this time to increase the number of the streetlights. The future need for streetlights will increase as the population grows, dependent upon the implementation of the County’s Night Sky Ordinance

within this portion of the desert. The purpose of the Night Sky Ordinance is to encourage outdoor lighting practices and systems that will minimize light pollution, conserve energy, and curtail the degradation of the nighttime visual environment.

CSA 82 provides collection, treatment, and disposal of domestic wastewater and septage generated within the community. CSA 82 utilizes three large septic tank systems for wastewater treatment prior to disposing of the effluent in a recharge trench on the Searles Dry Lake bed. Septage is pumped from the tanks at two to four year intervals and discharged to ponds and allowed to dry. Disposal facilities are the recharge trench on the west side of Searles Dry Lake bed and sludge drying beds on the east side of the Searles Dry Lake bed.

#### The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides

CSA 82 operates a one-acre park located on Trona Road. Given the arid environment, the park is a combination of gravel and dirt. Located on the grounds is a parking area, restrooms, picnic tables with shade roof, and a kiosk displaying history and activity information. CSA 82 has no park master plan for the park and no plans for expansion or additional parks. No recreational activities are provided; however, recreational services are provided by the County of San Bernardino at the Trona Senior Center located on Market Street. In 2008, the restrooms were refurbished through receipt of Community Development Block Grant funding.

The total combined effluent flow of wastewater is designed not to exceed 0.247 mgd. The flow to the septic systems is unmetered and has been estimated from potable water usage. The combined effluent flow of wastewater is 0.184 mgd. Therefore, the present flow of 0.184 mgd is at 75% of the designed not-to-exceed flow of 0.247 mgd. Generally, the construction of additional capacity should be initiated when the existing facilities reach 80% of the current rated capacity in order for construction to be completed before the facilities reach 90% of rated capacity. However, given the negative growth trend, planning for additional capacity is not currently being conducted. In its response, Special Districts Department identified that relining of the pipe sections that may have slipped joints or cracks will need to occur. These repairs are anticipated to be funded from local funds.

#### The Existence of any Social or Economic Communities of Interest

The social community of interest is Searles Valley and the communities within: Pioneer Point, Trona, and Argus. The economic communities of interest are the mining and chemical activities and the commercial activities along Highway 178. CSA 82 is located within the Kern Community College District and Trona Joint Unified School District.

#### **CONCLUSION FOR CSA 82:**

Staff recommends that the Commission:

- Expand the sphere of influence for County Service Area 82 by approximately 2.1 square miles to encompass the Searles Valley community.

- Acknowledge that CSA 82 actively provides park and recreation, streetlighting, cemetery, and sewer services.
- Request the County to take action to divest CSA 82 of its Animal Control function and file the appropriate resolution with the Commission, and
- Direct staff to update the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* upon receipt of the County's resolution divesting CSA 82 of the Animal Control function.

## **SEARLES DOMESTIC WATER COMPANY Service Review**

### **INTRODUCTION:**

The Searles Domestic Water Company (Searles Water) is the sole identified organized water provider within the Searles Valley community. Information was obtained to provide information to the Commission and the public of the broad range of municipal-type services provided within the community. The Searles Domestic Water Company, a private water company, is the only identified water provider within the Searles Valley community. Searles Domestic Water Company is not under LAFCO purview, therefore only information related to a service review is provided for this report.

Searles Water was formed in the early 1940s as an outgrowth of commercial operations to recover minerals and chemicals from brine pumped from Searles Lake. In order to provide water to operate plants and potable water to employee families located in communities westerly of the lake, Searles Water was organized as a California corporation and was granted a certificate of public convenience and necessity in 1944. According to California Public Utilities Commission (PUC) documents<sup>15</sup>, the transfer of indirect control of Searles Water has been authorized three times since 1998.

Currently, Searles Water is a wholly owned subsidiary of Searles Valley Mineral Operations Company<sup>16</sup>, is regulated by the PUC, and also is subject to the regulations of the California Department of Public Health. Searles Water is incorporated in the state of Delaware but has been granted a certificate of public convenience and necessity to operate within the state of California by the PUC. California incorporation is not required since the controlling entity does not transact any business within California. A review of the documents on file with the California Secretary of State identifies that Searles Water is a registered and active limited liability company in California. Currently, Searles Water serves residential with some commercial customers and includes the majority of the area of CSA 82 along with the plants.

### **BOUNDARIES:**

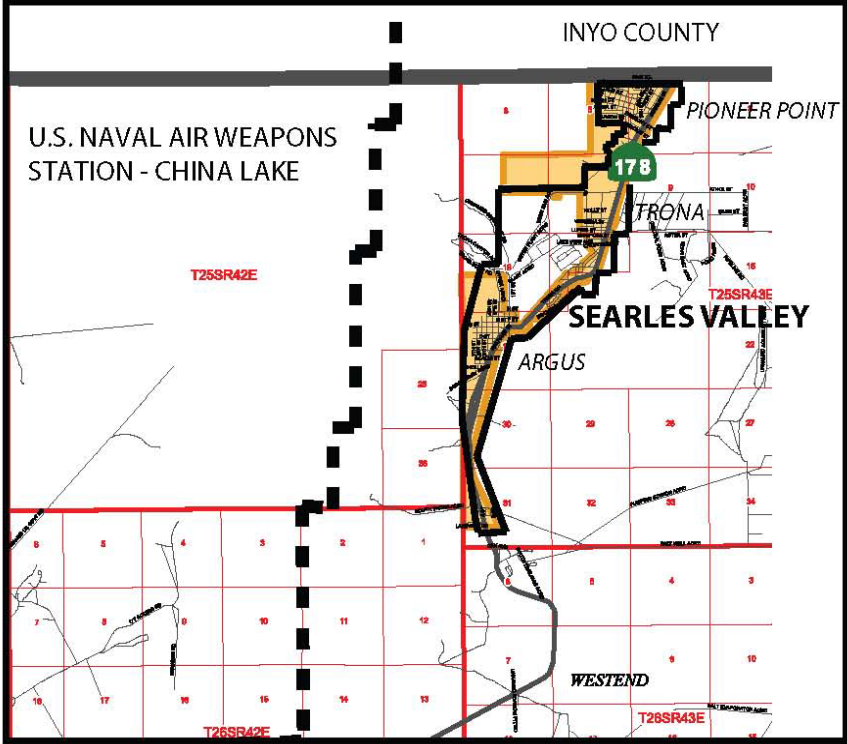
The current service area is located in the Searles Valley community just south of the Inyo County line. The current certificated service area consists of the areas of Argus, Trona, Pioneer Point, all in the unincorporated area of Searles Valley. A map of Searles Water's service area along with the boundaries of County Service Area 82 is shown below and is included as Attachment #7.

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<sup>15</sup> California Public Utilities Commission. "Application of Searles Valley Holdings LLC. to Sell and Karnavarti Holdings Inc. to Buy the Searles Domestic Water Company (U-368-W)..." 10 Dec 2007.

<sup>16</sup> Searles Water (incorporated in the state of Delaware) is a wholly owned subsidiary of Searles Valley Minerals Operations Inc. (incorporated in the state of Delaware), which is a wholly owned subsidiary of Karnavati Holdings Inc. (incorporated in the state of Delaware), which is a wholly owned subsidiary of Nirma Limited (Ahmedabad, India). Additional information on Nirma Limited can be obtained on its website <http://www.nirma.co.in>.

# SEARLES VALLEY



-  County Service Area 82 District & Sphere
  -  Searles Domestic Water Company
  -  U.S. NAVAL AIR WEAPONS STATION - CHINA LAKE
- 

Map prepared by LAFCO staff 11-13-09

## SERVICE REVIEW SUMMARY

Information was obtained from the PUC and California Department of Public Health which includes, but is not limited to, service rates and system information. These materials are incorporated in the information below.

Growth and population projections for the affected area.

The U.S. Census Bureau identifies the population of Searles Valley (a Census Designated Place) as 2,740 in 1990 and decreasing to 1,885 in 2000<sup>17</sup>. The land uses in the area consist mainly of industrial, commercial, residential, institutional, and resource conservation.

In the other service reviews conducted for the north desert communities, staff utilized population projections of the Transportation Analysis Zones developed by the Southern California Association of Governments. However, Transportation Analysis Zone data cannot be isolated for this small community. It is not anticipated that the community will experience significant growth given the downward trend in population, current land use patterns, and geographical constraints.

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

In 2008, Searles Water provided retail water service to 905 metered customers. The water system is comprised of one 500,000 storage tank, one pumping station with two pumps, and distribution pipelines consisting of 163,000 feet of mains ranging from 1 to 12 inches in diameter.

Water delivered to customers in Searles Valley is from groundwater pumped from the Searles Valley groundwater aquifer (the basin is not adjudicated). Approximately 279 acre-feet of water is sold to customers annually, all of which is purchased from the parent company, Searles Valley Minerals Operations Company. The Searles Valley Minerals Operations Company pumps water from five wells which is sold to Searles Water pursuant to purchased water pricing restrictions that were first adopted in 1994 by the PUC, and have remained in existence through the previous transfers of control. The PUC pricing restrictions set forth in 1994 stem from a settlement agreement between the PUC and North American Harris (the buyer of the company at that time). The pricing restrictions place caps on the price of purchased water based on measurable indexes and provides for reasonableness review by the PUC of Searles Water's operations from time to time. A review of the records on file since 2000 with the Lahontan Regional Water Quality Control Board does not identify any enforcement actions regarding Searles Water.

In the PUC order authorizing the most recent sale to Karnavarti Holdings Inc., the PUC makes the following statements regarding Searles Water:

- SDWC [Searles Water] possesses the technical capability to own, manage, operate, and maintain its existing public utility assets;
- SDWC is managed by a well-qualified management team. SDWC has both the technical and financial capability to maintain operations of the subject public utility assets in a safe and reliable manner and consistent with their existing authorized uses; and

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<sup>17</sup> U.S. Census, Census 2000, 1990 Census.

- The SDWC is an ancillary but critical component of the overall mining operation because it serves customers in the surrounding area (many of whom are employed in the mining operation) and provides productive and efficient use for water acquired for the mining operation.

Searles Water has established service rates applicable to all water hauling customers for domestic household purposes and for commercial establishments from its standpipe at the Pioneer Pump station. For more information regarding water hauling, see the Water Discussion section of this report.

Financial ability of agencies to provide services.

Financial information was not included as a part of the materials obtained from the PUC and California Department of Public Health. LAFCO staff attempted to contact Searles Water to gather general data on its operations. However, to date, no response has been provided. For information on Searles Water's rate structure, see the Water Discussion section of this report.

Status of, and opportunities for, shared facilities.

Searles Water does not produce water; rather it purchases water from the Searles Valley Minerals Operations Company, its parent company. Due to the Searles Water's distance from other water retailers and geographical confinement, it does not have an inter-tie with other water systems.

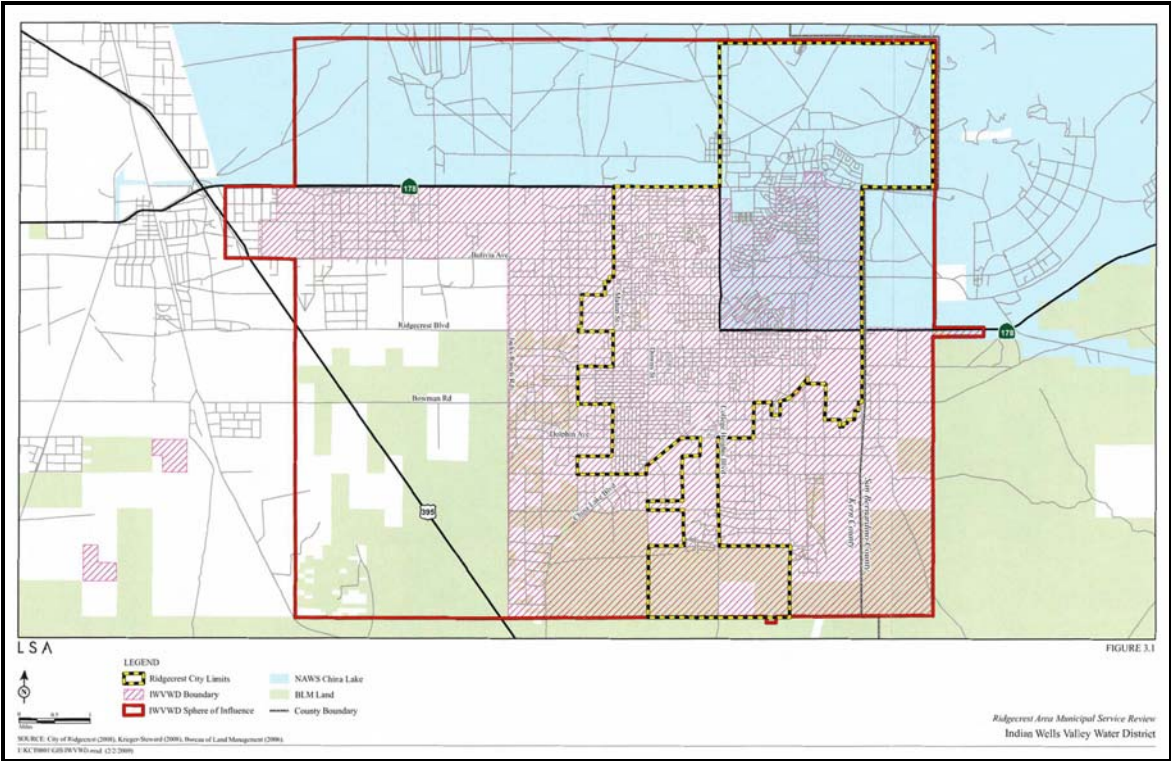
Accountability for community service needs, including governmental structure and operational efficiencies.

Searles Water is regulated by the PUC and also is subject to the regulations of the California Department of Public Health.



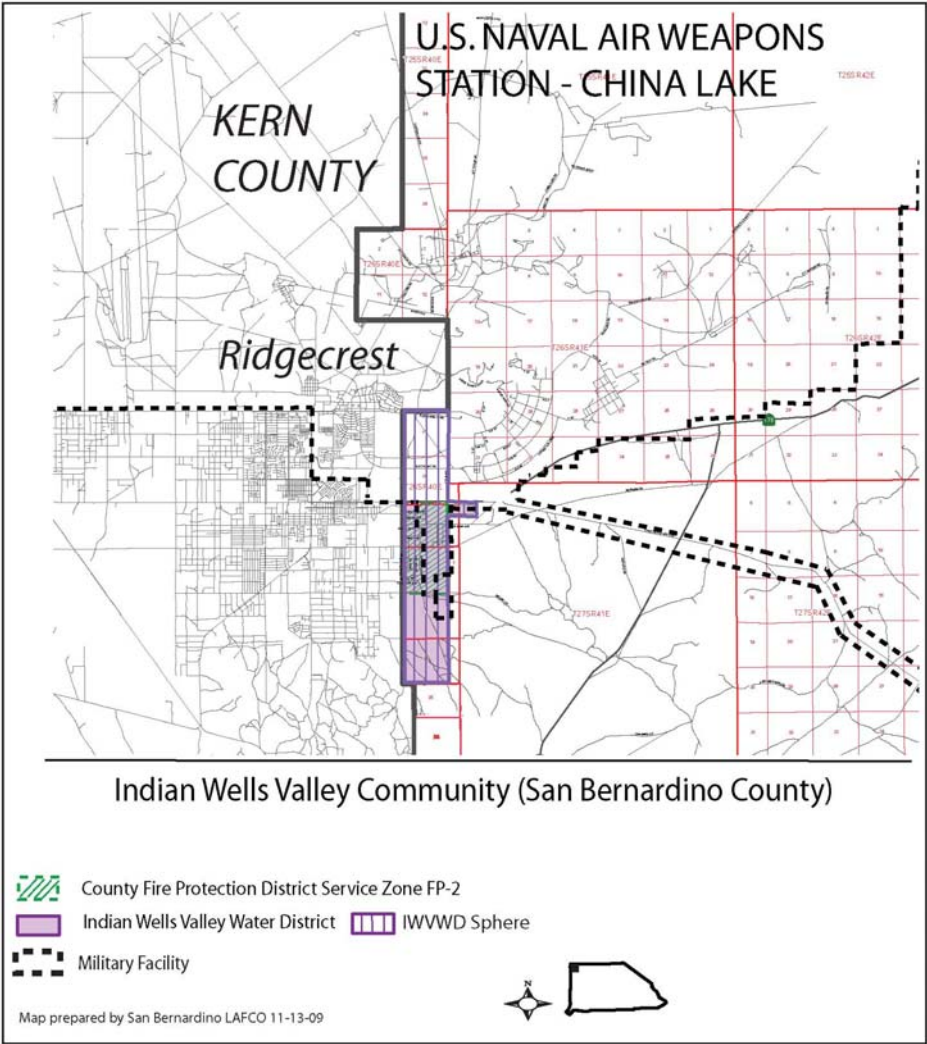
### INDIAN WELLS VALLEY COMMUNITY

The overall Indian Wells Valley community is primarily within Kern County and extends into San Bernardino County. The focal point of the community is the City of Ridgecrest with downtown Ridgecrest located a few miles west of the Kern/San Bernardino county line. Much of the commerce, along with access to the U.S. Naval Air Weapons Station – China Lake, is located in Kern County. The Indian Wells Valley Water District is the water provider for the overall Indian Wells Valley community, which includes a portion in San Bernardino County. A service review and sphere updates is provided for this agency. A map showing the City of Ridgecrest, Indian Wells Valley Water District, and the U.S. Naval Air Weapons Station – China Lake is shown below.



The reorganization of the San Bernardino County Fire Protection District (LAFCO 3000), effective July 1, 2008, included the transfer of responsibility for fire services within this area from County Service Area 38 to County Fire and the formation of County Fire Service Zone FP-2 (Windy Acres) within this area. The companion proposal to the reorganization of County Fire, LAFCO 3001, included a service review for the former County Service Area 38 and its improvement zones. Therefore, a service review for County Fire Service Zone FP-2 is not provided in this report.

The Indian Wells Valley Water District is larger than County Fire Service Zone FP-2 in San Bernardino County, but the service area of Indian Wells Water District is generally limited to an area within the boundaries County Fire Service Zone FP-2. Therefore, for the purposes of this report, this community is generally defined by the boundary of County Fire Service Zone FP-2, as shown in the map below.



The Indian Wells Valley community in San Bernardino County is served by multiple public agencies. The public agencies providing direct services to the residents and landowners are:

- Indian Wells Valley Water District (principal county Kern)
- San Bernardino County Fire Protection District (hereafter shown as “County Fire”), its North Desert Service Zone, and special tax Service Zone of FP-2

Regional service providers include:

- County Service Area 70 (unincorporated County-wide)
- Mojave Water Agency
- San Bernardino County Flood Control District

## **INDIAN WELLS VALLEY COMMUNITY HISTORY:**

The following narrative provides a historical perspective of the community from information gathered from Indian Wells Valley Water District and Naval Air Warfare Center Weapons Division website<sup>18</sup>, unless otherwise cited. The history of the Indian Wells Valley in San Bernardino is related to the history of the Naval Weapons Center and Ridgecrest area; therefore, a brief history is provided for the Naval Weapons Center and Ridgecrest as well.

In the summer of 1943 Dr. Charles C. Lauritsen of the California Institute of Technology, and Navy Commander Jack Renard, flew a small plane over the Mojave Desert in search of the perfect remote location to establish a shooting range for testing Navy missiles. They eventually spotted a small two-way landing strip in Inyokern. The site was extremely remote, but not too far removed from Cal Tech's Pasadena base. Shortly afterwards, the Naval Ordnance Test Station (NOTS) was born.

In the 1950s, Ridgecrest developed as a service community for the federal employees and military personnel at the Weapons Center with the Ridgecrest County Water District (now known as the Indian Wells Valley Water District) formed in 1955. In 1963, the service community evolved and incorporated into the City of Ridgecrest. The commercial focal point of the community remains in Ridgecrest.

A brief history of the major governmental events for this community and its relationship with the Local Agency Formation Commission is described below, listed chronologically by end date. References to LAFCO, the Commission, or County are for San Bernardino County, unless otherwise noted.

- |      |  |
|------|--|
| 1955 | The Kern County Board of Supervisors and the electorate in Kern County approved the formation of the Ridgecrest County Water District by consolidating several water districts serving the Ridgecrest community.   |
| 1963 | The City of Ridgecrest incorporates in Kern County and becomes a support community to the U.S. Naval Weapons Center – China Lake.  |
| 1970 | The name of the Ridgecrest County Water District was changed to Indian Wells Valley County Water District to reflect its intent to provide service to the Indian Wells Valley, which extends into San Bernardino County.   |
| 1971 | The District expanded into San Bernardino County in 1971 through Kern County LAFCO action. San Bernardino LAFCO in its response to Kern LAFCO expressed concern regarding District annexation into San Bernardino County as follows (included as a part of Attachment #8):<br><br><ol style="list-style-type: none"><li>1. Vacant governmental land would not appear to benefit from annexation in the foreseeable future.</li></ol> |

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<sup>18</sup> Department of the Navy, Naval Air Warfare Center Weapons Division. website, accessed 17 Nov 2009, last update 25 Sept 2009. [http://www.navair.navy.mil/nawc wd/about/china\\_lake.htm](http://www.navair.navy.mil/nawc wd/about/china_lake.htm).

2. Assessed valuation of the remaining area would not appear to support extension of water system without excessively high taxes, high assessment, or subsidy from remainder of district.
3. Proposed land use if water is extended is unknown.
4. Unless a district is regional in nature, expansion beyond the eventual boundary of the city it serves would remove the possibility of merging, consolidating, or creating a subsidiary district which would lend to governmental efficiency.

The Commission requested that Kern LAFCO remove the annexation of the District into San Bernardino County, the proponents justify inclusion of San Bernardino County, or satisfy the concerns raised by the Commission. There is no further record regarding receipt of responses from Kern LAFCO or the proponents to the Commission's concerns.

- Early 1970s Sometime between 1971 and 1973, Kern LAFCO approved the sphere of influence expansion of the Indian Wells Valley County Water District into San Bernardino County. There is no record of Kern LAFCO notifying San Bernardino LAFCO of the sphere of influence extending into San Bernardino County.
- 1980 The Indian Wells Valley County Water District dropped the word "County" from its name to be known as Indian Wells Valley Water District.
- 1982 The Indian Wells Valley County Water District acquired by eminent domain the H.L.M. Water Company in San Bernardino County. Funding for the acquisition of the Water Company was through the formation of Assessment District 82-1 (wholly within San Bernardino County) to the District. The assessment district was for the bare minimum requirements of acquiring the existing system and tying it into the District's parent system for the purposes of water supply lines allowing immediate retirement of the Water Company wells, which according to the District, did not meet health standards.

## **INDIAN WELLS VALLEY WATER DISTRICT Service Review and Sphere of Influence Update**

### **INTRODUCTION:**

LAFCO 3027 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for Indian Wells Valley Water District.

In 1955, the Kern County Board of Supervisors and the electorate in Kern County approved the formation of the Ridgecrest County Water District by consolidating several water districts serving the Ridgecrest community. Since 1982, the district has been officially known as the Indian Wells Valley Water District (hereafter referred to as "District"). The District is an independent special district governed by a five member board of directors and operates under "County Water District Law" (Section 30000 et seq. of the California Water Code).

The majority of the territory and assessed value within the District is within Kern County. Hence, pursuant to Government Code 56066 Kern County is the principal county for the District, and change of organization<sup>19</sup> proceedings would be conducted by Kern LAFCO. Kern LAFCO conducted a service review for the District as a part of its Ridgecrest community service reviews in May 2009 (included as a part of Attachment #8) but has not yet conducted the mandatory sphere of influence update. According to Kern LAFCO staff, the mandatory sphere of influence update for the District is anticipated in the near future, but a specific time has not been identified.

San Bernardino LAFCO is conducting a service review and sphere update due to the District's boundaries extending into San Bernardino County. This report presents a service review with cooperation from the District and provides information specific to San Bernardino County where appropriate. The District's sphere of influence has been addressed by Kern County LAFCO as extending beyond its boundaries into the U. S. Naval Weapons Center - China Lake within San Bernardino County. However, San Bernardino LAFCO has not acknowledged the District's sphere of influence in San Bernardino County. Staff is recommending that the Commission update the sphere of influence of the District in San Bernardino County as addressed by Kern County LAFCO.

### **LOCATION AND BOUNDARIES:**

The District is primarily located in Kern County and encompasses about 38 square miles of the 360 square miles of the Indian Wells Valley. Of the 38 square miles, approximately 4.2 square miles is within San Bernardino County with a service area less than one square mile. Currently, the sphere of influence in San Bernardino County includes an additional 2.0 square miles north of the District's boundary.<sup>20</sup>

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<sup>19</sup> "Change of Organization" (Government Code 56021) includes the following for the District: annexation, detachment, dissolution, consolidation, and a proposal for the exercise of a new or different function or classes of services or divestiture of the power to provide particular functions or classes of services.

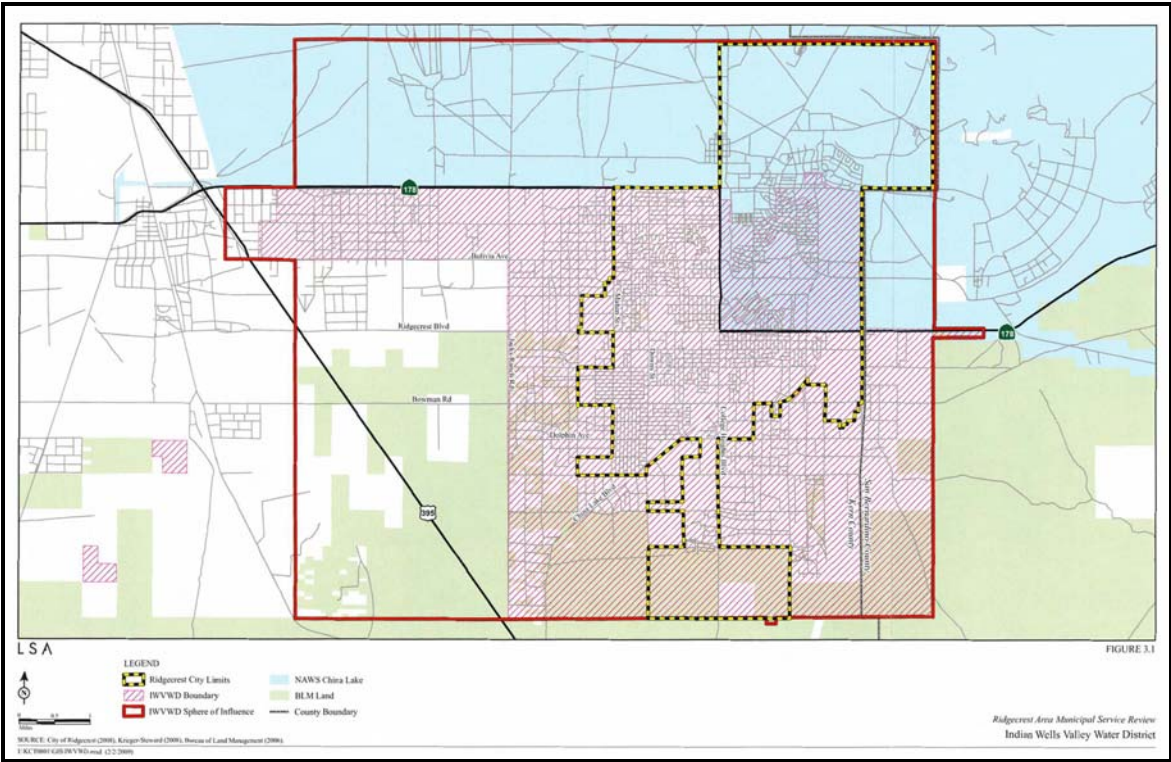
<sup>20</sup> The District in San Bernardino County abuts the county line and the line between the Mount Diablo and San Bernardino Meridians. In this area, not all sections equal one square mile.

In Kern County, the District includes the City of Ridgecrest and extends into the U.S. Naval Weapons Center – China Lake. Additionally, approximately four square miles are within an Air Installation Compatible Use Zone<sup>21</sup>.

In San Bernardino County, the District extends less than one mile in an east-west direction along Bowman Road and roughly four miles in a north-south direction generally along section lines. The study area is located in the north desert portion of the County and includes Sections 1, 12, 13, and 24 of Township 27 South, Range 40 East, and a portion of Section 6 of Township 27 South, Range 40 ½ East and Range 41 East, Mount Diablo Meridian. The area is generally south and west of the Naval Air Weapons Center and north of Bureau of Land Management lands.

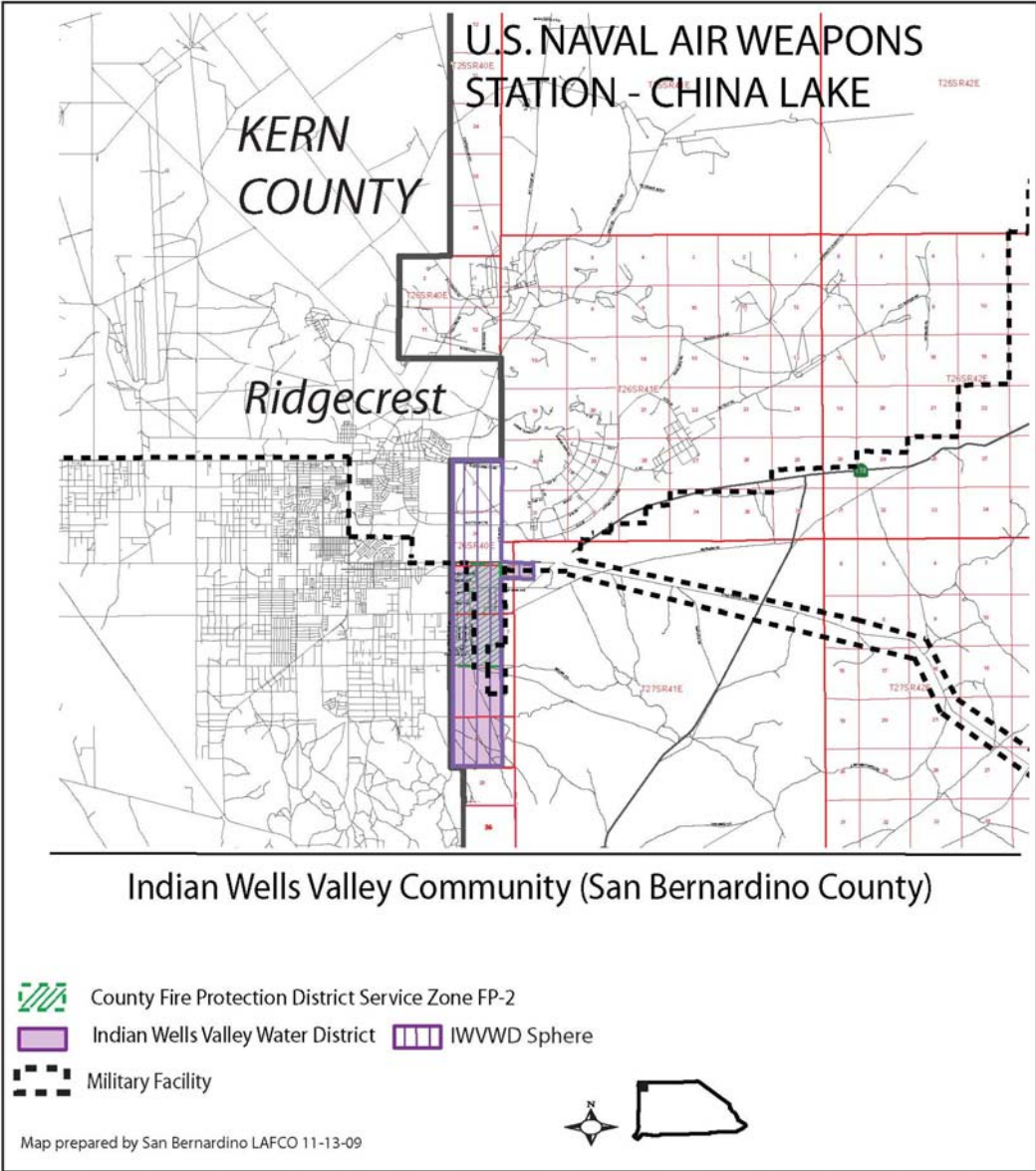
As addressed by Kern LAFCO, the District’s sphere of influence extends beyond its boundaries in San Bernardino County, as illustrated in the first map below<sup>22</sup>. The second map below illustrates the District within San Bernardino County. Both maps are included as a part of Attachment #8.

**Indian Wells Valley Water District**



<sup>21</sup> The purpose of the AICUZ (Air Installation Compatible Use Zone) Program is to protect the health, safety and welfare from noise and hazards through compatible development in the airport environment. The program was instituted by the Department of Defense to address the problem of land development surrounding military air installations. It provides for the development and implementation of a plan to determine those land areas for which development should be significantly influenced by the operation of the airfield. These land areas are then designated as the AICUZ for that installation. source: Department of the Air Force, *AICUZ Handbook. A Guidance Document for Air Installation Compatible Use Zone (AICUZ) Program*. Jan 1992.

<sup>22</sup> Map prepared by LSA and utilized in Indian Wells CWD service review conducted by Kern LAFCO. May 2009.



**SERVICE REVIEW**

At the request of LAFCO staff, the District prepared a service review consistent with San Bernardino LAFCO policies and procedures. The District’s response to LAFCO’s original and updated requests for materials includes, but is not limited to, the narrative response to LAFCO staff’s request for information, water system information, and audits and budgets. The District’s response and supporting materials are included as Attachment #8 and are incorporated in the information below.

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

In Kern County, the City of Ridgecrest decreased in population from 28,295 in 1990 to 24,927 in 2000. Since 2000, the population has returned to its 1990 level with a 2009 population of 28,353 in 2009, according to the State Department of Finance.<sup>23</sup> The primary cause for the fluctuation in population is changes in employment at the Naval Weapons Center. As detailed in the Kern LAFCO service review for the District, according to the Kern Final 2007 Destination 2030 Regional Transportation Plan, population within the City is anticipated increase annually by 1.49% through 2030 as follows:

2010: 27,900                      2020: 31,800                      2030: 36,200

In San Bernardino County, the population from 2005 is roughly 253, according to the District. The District indicates that the San Bernardino portion will experience little growth since it is bordered on the north and east by the Naval Weapons Center – China Lake and by Bureau of Land Management lands on the south. The District, utilizing Kern Council of Governments and Census projections, has provided the 2005 population and growth projections for the District as a whole as follows:

Year	2005	2010	2015	2020	2025	2030
Population	27,920	30,500	33,300	36,400	37,300	38,500

LAFCO staff has not received any project notices since 2005 from the County of San Bernardino regarding General Plan Amendments, tentative tract developments, and Conditional Use Permits for increased residential and commercial development.

Although the projections from the Kern LAFCO report and the District vary, the difference is not statistically significant. Nonetheless, the population of the District will increase through 2030 and any changes in employment at the Naval Weapons Center will directly affect the population of the District. According to a *Los Angeles Times* article, 1,000 civilian jobs are anticipated to be added by 2011. Additionally, the Sierra Sands Unified School District is investing \$25 million to modernize its schools, and the Ridgecrest Regional Hospital is spending \$70 million to add units to its 80-bed facility by 2010.<sup>24</sup>

At present, the land uses within the San Bernardino portion of the District and its sphere of influence include residential and vacant lands. The County of San Bernardino has assigned general plan land use designations of Resource Conservation and Rural Living. The land ownership breakdown within the District’s boundary and sphere is identified in the table below. It is not anticipated that the portion within San Bernardino County will experience significant growth given the current land use patterns.

<sup>23</sup> State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001–2009, with 2000 Benchmark. Sacramento, California, May 2009

<sup>24</sup> Semuels, Alana. Navy Weapons Unit Produces a High-Desert Boomtown. (2009, July 22). *The Los Angeles Times*.



Land Owner	Sq Miles (Boundary & Sphere)	Percentage
US Bureau of Land Management	2.11	34.00%
Private	1.51	24.33%
Military	2.59	41.67%
<b>Total</b>	<b>6.21</b>	<b>100.0%</b>

source: County of San Bernardino, Information Services Department

## **II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

### Water Plans and Requirements

The District has adopted the following documents which staff has referenced for this section of the District's service review:

- The District has adopted an Emergency Response Plan that addresses the procedures for the restoration of water services in the event of an emergency. As required for water systems with at least 3,300 or more persons, the plan is periodically reviewed and was last reviewed and revised in June 2008.
- 1997 Water General Plan, no planned updates, intended to serve as a guide for system improvements through roughly 2015.
- 2000 UWMP adopted September 10, 2002.

Pursuant to the *Urban Water Management Planning Act*<sup>25</sup>, each urban water supplier shall update its plan at least once every five years on or before December 31, in years ending in five and zero, and shall file with the Department of Water Resources (DWR) a copy of the plan. In years ending in six and one, DWR submits a report to the State Legislature summarizing the status of the plans and identifies the outstanding elements of the individual plans. LAFCO staff has reviewed the DWR report to the Legislature for the 2005 urban water management plans, and the report identifies that the District did not submit a 2005 urban water management plan<sup>26</sup>. In response to the draft LAFCO staff report that was provided to the District as a part of the service review process, the District states that it did submit a 2005 plan to DWR. A copy of the 2005 plan was provided to LAFCO staff as a part of its response to the draft LAFCO staff report, a copy of which is on-file at the LAFCO staff office.

### Water System

The District supplies domestic retail water to customers in the City of Ridgecrest and surrounding areas. The sole supply source is the Indian Wells Valley Groundwater Basin (a basin that is not adjudicated). The District utilizes 11 wells that can produce up to 17 million gallons per day. According to the Kern LAFCO report, the District has stated that an

<sup>25</sup> California Water Code, Division 6, Part 2.6, Section 10610, et seq.

<sup>26</sup> California. Department of Water Resources, "Summary of the Status of 2005 Urban Water Management Plans", Report to the Legislature. 31 December 2006.

additional 2,320 gallons per minute in production is needed to meet maximum daily demand with a 20% redundancy. Should one or two wells become unavailable during a maximum pumping day, the ability to meet demand would be compromised. In addition, there are two wells in standby status with one of the wells, Well 19, anticipated to be placed in inactive status<sup>27</sup> and then destroyed.

The remaining facilities include ten water storage reservoirs with a combined storage capacity of 16.6 million gallons and over 1 million linear feet of transmission pipelines. The system is divided into five separate pressure zones which utilize six booster pumping plants. Water deliveries range from an average of 125 million gallons a month in the winter to 360 million gallons during the summer.

As of December 31, 2008, the number of active service connections was 11,643 with 188 inactive connections. Of the active connections, 101 are in San Bernardino County.

Rates are on a tiered structure which can promote conservation. According to the District's rate ordinance, the District participates in the sale of bulk water. For more information regarding water hauling, see the Water Discussion section of this report.

### Water Quality

The following summary regarding arsenic is taken from the 2008 Annual Water Quality Report.

In 2006 the Environmental Protection Agency reduced the maximum contaminant level (MCL) of arsenic in drinking water from 50 parts per billion (ppb) to 10 ppb based on public health protection, technical feasibility, and cost. The level of arsenic in our water has not changed, but the standard has changed.

The District began compliance testing in December 2007. At that time, Wells 9A, 11 and 13 were put on quarterly monitoring. While Well 11 is still being monitored for compliance, Wells 9A and 13 violated the MCL based on samples collected in March, July and October 2008. The State of California adopted the new arsenic level of 10 ppb in November 2008 and began requiring water systems with water sources higher than 10 ppb to inform all their customers. As a result, the District began sending notices to their customers every 3 months. The District will continue to send these notices until our arsenic removal facilities are operational in 2010.

To comply with this new drinking water standard, the District will construct two treatment plants. Each will have the ability to treat water from two wells. Construction is estimated to begin late 2009/early 2010. The total cost of the two treatment plants and related pipelines is estimated at \$8 million.

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<sup>27</sup> Inactive sources are not approved sources of supply and must have the electrical service removed, be physically disconnected or otherwise isolated so that only an intentional act by an operator can place the source in service.

Other than arsenic violations in Wells in 9A and 13, no other violations are identified in the 2008 Annual Water Quality Report. A review of the records on file since 2000 with the Lahontan Regional Water Quality Control Board does not identify any enforcement actions regarding the District.

### Capital Improvements

During FY 2008-09, the District invested \$2.1 million in mainline replacement, automated meter reading units, and security improvements.

Since the close of the 2008-09 fiscal year, in September 2009, the District entered into a 30 year Certificate of Participation debt agreement for \$20 million at an interest rate of 5.14%. The COP funds will be used to cover \$15.1 million in capital projects including arsenic treatment plants, the D-zone tank reservoir and well improvements, and \$2.9 million will be used to re-finance the 1999 Series Bond. However, the costs of the projects exceed the COP funds. The District has identified the capital costs of the projects to be:

- \$12.1 million for the arsenic treatment plant
- \$6.5 million for water supply improvement
- \$1.5 million for the D-zone tank reservoir
- \$321,000 for finalization of brackish water treatment pilot program
- \$100,000 for development of an aquifer storage and recovery project

### Mojave Water Agency (San Bernardino County)

The District is within the boundaries of a state water contractor in each county (Mojave Water Agency in San Bernardino County and Kern County Water Agency). The California Aqueduct travels in a southeasterly direction through Bakersfield in Kern County and enters San Bernardino County in an easterly direction just north of Phelan. However, the service areas of the District in both counties are over 75 miles away from the California Aqueduct. Further, three groundwater basins separate the service area of the District and the discharge locations of the supplemental water. Therefore, accessibility to supplemental water is not feasible at this time. According to property tax data available from the San Bernardino County Assessor, Mojave Water Agency (MWA) receives a share of the one percent general levy from the properties within San Bernardino County. Also, these properties pay for MWA Bond Debts 1 and 2 for MWA's obligations for the State Water Project contract. Even though these properties do not receive State Water Project water, they are within the boundaries of state water contractors and pay for the bonds associated with the State Water Project.

### **III. Financial ability of agencies to provide services.**

The District's primary source of revenue is from the sale of water. It does not receive a share of the general levy. The largest expenses are the delivery of water and personnel. A review of the District's financial statements for FY 2006-07, 2007-08, and 2008-09, show that revenues were in excess of expenditures for FY 2006-07 and 2007-08. However, in FY 2008-09, water sales decreased and expenditures increased which resulted in expenditures

greater than revenues by \$391,464. Should the trend of expenditures being greater than revenues continue, the District will experience administrative and operational challenges.

### FY 2008-09 Audit

A review of the FY 2008-09 audit identifies the following highlights:

- Total assets were valued at roughly \$48 million
- Total liabilities were valued at roughly \$12 million
- Total net assets were valued at \$36 million and changed less than 1% from prior fiscal year
- Total revenues for the year equaled \$8,190,456, which is \$661,000 less than revenues collected from prior year.
- Total expenses for the year equaled \$8,581,920, which is \$97,000 more than prior year.
- Total expenses incurred were \$391,464 more than total revenues.

As identified in the FY 2008-09 audit, the District has plans to adopt Governmental Accounting Standards Board (GASB) 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions" for the plan year beginning July 1, 2009. This statement addresses how governments should account for and report their costs and obligations related to post employment healthcare, healthcare subsidies, and other non-pension benefits.

### Long-term Debt

Shortly after the District annexed into San Bernardino County, new water mains and appurtenances were installed to replace the deteriorated water distribution system of the H.L.M. Water Company. Funding for the construction and replacements were from the District's Assessment District 82-1 in San Bernardino County. A review of the District's audits and San Bernardino Assessor data does not show Assessment District 82-1 as an existing assessment district.

For FY 2008-09, long-term debt was reduced by \$792,000 to \$10.8 million in outstanding bonds and notes. As of June 30, 2009, the long term debt consisted of the following:

	2009	2008
<b>Loans:</b>		
Proposition 55, Safe Drinking Water Act Loan	\$3,011,487	\$3,185,076
Proposition 44, Water Conservation Construction Loan	145,847	184,419
Total Loans	3,157,334	3,369,495
<b>Revenue Bonds:</b>		
California Statewide Communities Development Authority Water and Wastewater Revenue Bonds, Series 1999A	3,125,000	3,365,000
Water Revenue Refunding Bonds, Series 2003	4,480,000	4,820,000
Total Revenue Bonds	7,605,000	8,185,000
Total Long-Term Debt	\$10,762,334	\$11,554,495

The 1999 bonds identified in the chart above were issued as a pooled financing program. The bond instruments were issued on behalf of the District, Lake Arrowhead Community Services District, and the City of Ripon.

**Statutory and Constitutional Requirements**

- The District does not receive a share of the general property tax levy. Therefore, it is not subject to an appropriations limit.
- Section 26909 of the Government Code requires regular audits of district accounts and records. According to records from the State Controller, the last audit received was for FY 2008-09.

**IV. Status of, and opportunities for, shared facilities.**

The District and the Naval Weapons Center at China Lake constructed two emergency water system interconnections in 1987. The maximum transfer rate is 3,000 gallons per minute with a maximum daily capacity of 4.3 million gallons. The interconnections permit either entity to deliver water to the other as needed to meet water supply requirements during emergencies caused by well pumping plant or transmission pipeline failure. They are not intended to augment the normally available water supply of either entity.

In 1991, the District entered into an agreement with the North American Chemical Company (Kern County) that established interconnections between the respective water systems for emergency purposes only. The interconnection facilities are now owned by Searles Valley Minerals Inc.

**V. Accountability for community service needs, including governmental structure and operational efficiencies.**

*Local Government Structure and Community Service Needs*

Indian Wells Valley Water District is an independent district and is governed by a five-member board of directors. Members are voted by the electorate or are appointed in-lieu of election by the County Board of Supervisors to four-year staggered terms. According to the District, there have been five elections within the past 10 years. Below is the current composition of the board, their positions, and terms of office:

<b>Board Member</b>	<b>Title</b>	<b>Term</b>
Leroy Corlett	President	2012
Peter Brown	Vice President	2010
Margaret L. (Peggy) Breeden	Director	2012
Donald J. Cortichiato	Director	2012
Harold W. Manning	Director	2010

Board meetings are held the second Monday of the month at 7pm at the District office in Ridgecrest, Kern County and are open to the public. An attorney is present at all public meetings. The District has a website for the public to seek information or voice concerns ([www.iwvwd.com](http://www.iwvwd.com)). The District operates with an annual balanced budget that is adopted at a public hearing, and the board is provided with quarterly finance reports.

Kern Grand Jury

The Kern Grand Jury reviewed the District in 2004-05. Among the Grand Jury findings and comments related to the District were:

- \$54,000 a year to cover medical costs for the Board of Directors is excessive.
- Board receives a reasonable amount of compensation for meeting attendance.
- District appears to be a well run organization that makes mistakes but learns from them and takes positive and constructive actions to not repeat them.
- The largest problem currently facing the District is public education in regards to water contamination, arsenic levels, and conservation. They appear to be making great strides in this area with an excellent and informative website and a quarterly newsletter.

*Operational Efficiency*

The District is a member of the following joint powers agreements:

- Association of California Water Agencies (ACWA) for a health and welfare insurance.
- Special District Risk Management Association (SDRMA) for property and liability insurance and workers compensation.

- The District has entered into an agreement to jointly finance the creation and publication of a conservation book for distribution in California high desert communities. The project's participants are the District, Rosamond Community Services District, Palmdale Water District, City of Palmdale, Kern County Water Agency and Naval Air Weapons Station China Lake.
- The Indian Wells Valley Water District is located in the Indian Wells Valley groundwater basin. This basin is the sole source of water for the City of Ridgecrest and its outlying areas, the community of Inyokern, and the Naval Air Weapons Station. In the Indian Wells Valley, the Indian Wells Valley Cooperative Groundwater Management Group is currently addressing methods to quantify recharge into the basin. This group was formed in 1985 to encourage water conservation and preservation of the water resources within the Indian Wells Valley. The group is a public water data-sharing group consisting of the major water producers, government agencies, and citizens. Members include, but are not limited to, the Bureau of Land Management, City of Ridgecrest, Kern County, Eastern Kern County Resources Conservation District, Indian Wells Valley Water District, Kern County Water Agency, and the Naval Air Weapons Station, and Searles Valley Minerals Company. Additional information can be obtained from the group's website: [www.iwvgroundwater.org](http://www.iwvgroundwater.org).

The District utilizes the Indian Wells Valley Cooperative Groundwater Management Group for the submission of cooperative applications for grants. In addition, as a signatory to the Indian Wells Valley Cooperative Groundwater Management Plan, other agencies provide in-kind services related to groundwater quality and groundwater data collection. The Kern County Water Agency provides services related to database management for all of the signatories to the Plan.

- Additionally, a groundwater model of the basin is being developed through a cooperative effort between the Indian Wells Valley Water District, the Navy, and Searles Valley Minerals. Currently, the Indian Wells Valley Water District is conducting an aquifer storage and recovery site evaluation and will soon begin a brackish water treatment pilot study in the Northwest Well Field. The Indian Wells Valley Water District has specific plans that establish emergency command teams; coordination procedures with local law enforcement, fire, medical, and other services; communications procedures; and stages of action.

### *Government Structure Options*

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

#### Out-of-Agency Service Agreements:

The District states that it does not provide services outside of its boundaries. However, it has established water rates for bulk hauled water for domestic household purposes and for commercial establishments.

#### Government Structure Options:

Kern County is the principal county for the District. Therefore, change of organization proceedings would be conducted by Kern LAFCO unless Kern LAFCO agrees to having exclusive jurisdiction vested in San Bernardino LAFCO and San Bernardino LAFCO agrees to assume jurisdiction pursuant to Government Code 56388.

### **SPHERE OF INFLUENCE UPDATE**

***LAFCO staff recommends that the Commission update the sphere of influence for Indian Wells Valley Water District in San Bernardino County to include its current boundaries and extending to the north to include Sections 25 and 36 of Township 26 South, Range 40 East Mountain Diablo Meridian.***

#### Sphere of Influence

Staff questions why the portion of the District in San Bernardino County includes such a large area when the service area comprises a fraction of the total area. Further, roughly 75% of the lands are public and do not require the services of the District. Sometime between 1971 and 1973, Kern LAFCO approved the sphere of influence expansion of the Indian Wells Valley County Water District into San Bernardino County. The District's sphere of influence has been addressed by Kern LAFCO as extending beyond its boundaries within San Bernardino County. There is no record of Kern LAFCO requesting information as to the land use or service obligations or notification to San Bernardino LAFCO of the sphere of influence extending into San Bernardino County.

Therefore, San Bernardino LAFCO has not acknowledged the District's sphere of influence in San Bernardino County. Further, the Commission has historically guided spheres of influence away from military lands since there is no need for outside municipal services on military lands. Nonetheless, Kern LAFCO as principal county established the sphere of influence of the District in San Bernardino County. Staff is recommending that the Commission update the sphere of influence of the District in San Bernardino County as outlined above, area that which extends into the Naval Air Weapons Center – China Lake.

#### Authorized Powers

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Kern County is the principal county for the District. Therefore, change of organization proceedings (which include authorization of functions of service) would be conducted by Kern LAFCO.



**FACTORS OF CONSIDERATION:**

The District was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

The Present and Planned Uses in the Area

At present, the land uses within the San Bernardino County portion of the District include residential and vacant lands. The County of San Bernardino has assigned general plan land use designations of Resource Conservation and Rural Living. The land ownership breakdown within the district's boundary and sphere is identified in the table below. It is not anticipated that the portion within San Bernardino County will experience significant growth given the current land use patterns.

<b>Land Owner</b>	<b>Sq Miles (Boundary &amp; Sphere)</b>	<b>Percentage</b>
US Bureau of Land Management	2.11	34.00%
Private	1.51	24.33%
Military	2.59	41.67%
<b>Total</b>	<b>6.21</b>	<b>100.0%</b>

source: County of San Bernardino, Information Services Department

The Present and Probable Need for Public Facilities and Services in the Area

The land use in the San Bernardino County area is mostly public lands with some residential. It is not anticipated that the portion within San Bernardino County will experience significant growth given the current land use patterns to warrant an increased need for service. Further, there is no need for services by the District on the military or Bureau of Land Management lands. For those within the District but not within one of its service zones, the District participates in the sale of bulk water, according to the District's rate ordinance.

The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides

The District supplies domestic retail water to customers in the City of Ridgecrest and surrounding areas. The sole supply source is the Indian Wells Valley Groundwater Basin. The District utilizes 11 wells that can produce up to 17 million gallons per day. According to the Kern LAFCO report, the District has stated that an additional 2,320 gallons per minute in production is needed to meet maximum daily demand with a 20% redundancy. Should one or two wells become unavailable during a maximum pumping day, the ability to meet demand would be compromised. In addition, there are two wells in standby status with one of the wells, Well 19, anticipated to be placed in inactive status and then destroyed.

Other than arsenic violations in Wells in 9A and 13, no other violations are identified in the 2008 Annual Water Quality Report. A review of the records on file since 2000 with the Lahontan Regional Water Quality Control Board does not identify any enforcement actions regarding the District.

The remaining facilities include ten water storage reservoirs with a combined storage capacity of 16.6 million gallons and over 1 million linear feet of transmission pipelines. The system is divided into five separate pressure zones which utilize six booster pumping plants. Water deliveries range from an average of 125 million gallons a month in the winter to 360 million gallons during the summer.

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- \$100,000 for development of an aquifer storage and recovery project

#### The Existence of any Social or Economic Communities of Interest

The social and economic communities of interest are the City of Ridgecrest and the Naval Air Weapons Center – China Lake. The District is within the Kern Community College District and Sierra Sands Unified School District. The Sierra Sands Unified School District headquarters is located in Ridgecrest, Kern County, and all of its schools are located in Kern County.

#### **CONCLUSION FOR INDIAN WELLS VALLEY WATER DISTRICT:**

Staff questions why the portion of the District in San Bernardino County includes such a large area when the service area comprises a fraction of the total area. Further, roughly 75% of the lands are public and do not require the services of the District.

Kern LAFCO as principal county established the sphere of influence of the District in San Bernardino County. However, San Bernardino LAFCO has not acknowledged the District's sphere of influence in San Bernardino County. Staff is recommending that the Commission update the sphere of influence of the District in San Bernardino County to include its current boundaries and extending to the north to include Sections 25 and 36 of Township 26 South, Range 40 East Mountain Diablo Meridian (within the Naval Air Weapons Center – China Lake).

### **ADDITIONAL DETERMINATIONS**

1. The Commission's Environmental Consultant, Tom Dodson and Associates, has determined the options/changes outlined in this report for the various agencies are statutorily exempt from environmental review. Mr. Dodson's response for each of the reviews is included in their respective attachments to this report.
2. As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, the *Daily Independent* (Ridgecrest, Kern County). Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As outlined in Commission Policy #27, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.
3. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.
4. Comments from landowners/registered voters and any affected agency will need to be reviewed and considered by the Commission in making its determinations.

### **RECOMMENDATION:**

Staff recommends that the Commission take the following actions:

1. For environmental review certify that the options outlined in the staff report for this consideration are statutorily exempt from environmental review and direct the Clerk to file the Notices of Exemption within five (5) days.
2. Receive and file the municipal service reviews for County Service Area 30, East Kern Healthcare District, Rand Communities Water District, County Service Area 82, Searles Valley Water Company, Indian Wells Valley Water District, and California City Community Services District, and make the findings related to the service reviews required by Government Code 56430 as outlined in the staff report.
3. Take the actions to update the spheres of influence for the agencies as identified in this report.
4. Adopt the appropriate resolutions reflecting the Commission's determinations as follows:
  - a. Resolution No. 3077 for LAFCO 3017 - Service Review and Sphere of Influence Update for County Service Area 30
  - b. Resolution No. 3078 for LAFCO 3043 - Service Review and Sphere of Influence Update for East Kern Healthcare District

- c. Resolution No. 3079 for LAFCO 3044 - Service Review and Sphere of Influence Update for Rand Communities Water District
- d. Resolution No. 3080 for LAFCO 3025 - Service Review and Sphere of Influence Update for County Service Area 82
- e. Resolution No. 3081 for LAFCO 3027 – Service Review and Sphere of Influence Update for Indian Wells Valley Water District

KRM/MT

## **ATTACHMENTS**

1. Maps
  - a. [Regional](#)
  - b. [Water Providers](#)
  
2. County Service Area 30
  - a. [Map](#)
  - b. [Service Review and Sphere Update Response](#)
  - c. [Financial Information: Audit and Budget](#)
  - d. [Letter from County Special Districts Department Regarding Removal of Planning Powers](#)
  - e. [Environmental Response from Environmental Consultant, Tom Dodson and Associates](#)
  - f. [Resolution No. 3077 for LAFCO 3017](#)
  
3. East Kern Healthcare District
  - a. [Maps: District wide and San Bernardino Portion](#)
  - b. [Service Review and Sphere Update Response](#)
  - c. [Financial Information: Audit and Budget](#)
  - d. [FY 1977-78 Tax Rate in San Bernardino County](#)
  - e. [Environmental Response from Environmental Consultant, Tom Dodson and Associates](#)
  - f. [Resolution No. 3078 for LAFCO 3043](#)
  
4. Rand Communities Water District
  - a. [Maps: District wide and San Bernardino Portion](#)
  - b. [Service Review and Sphere Update Response](#)
  - c. [Financial Information: Audit and Budget](#)
  - d. [Kern County LAFCO Service Review](#)
  - e. [FY 1977-78 Tax Rate in San Bernardino County](#)
  - f. [Environmental Response from Environmental Consultant, Tom Dodson and Associates](#)
  - g. [Resolution No. 3079 for LAFCO 3044](#)
  
5. California City Community Services District
  - a. [Map](#)
  - b. [Dissolution Information from Kern County LAFCO and San Bernardino County LAFCO](#)
  
6. County Service Area 82
  - a. [Map](#)
  - b. [Service Review and Sphere Update Response](#)
  - c. [Financial Information: Audit and Budget](#)
  - d. [Letter dated December 4, 2009 from Andrew Ledesma, President of Searles Valley Cemetery Association, to County Special Districts Department](#)
  - e. [FY 1977-78 Tax Rate in San Bernardino County](#)

- f. [Letter from County Special Districts Department Regarding Removal of Animal Control Powers and No Opposition to LAFCO Staff's Proposed Sphere Expansion](#)
  - g. [Environmental Response from Environmental Consultant, Tom Dodson and Associates](#)
  - h. [Resolution No. 3080 for LAFCO 3025](#)
7. [Map of Searles Domestic Water Company](#)
8. Indian Wells Valley Water District
- a. [Maps: District wide and San Bernardino Portion](#)
  - b. [Service Review and Sphere Update Response](#)
  - c. [Financial Information: Audit and Budget](#)
  - d. [Kern County LAFCO Service Review](#)
  - e. [Copy of Minutes from San Bernardino LAFCO February 10, 1971 Meeting](#)
  - f. [Environmental Response from Environmental Consultant, Tom Dodson and Associates](#)
  - g. [Resolution No. 3081 for LAFCO 3027](#)