

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

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FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
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TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #7 – MOUNTIAN REGION REVIEW OF ROAD AND SNOW
REMOVAL SERVICES

FULL TITLE OF ACTION:

Mountain Region Review of Road and Snow Removal Services which includes the review of County Service Area 70 Zones R-2, R-3, R-4, R-5, R-7, R-9, R-11, R-12, R-13, R-16; R-21, R-22, R-23, R-33, R-34, R-35, R-36, R-40, R-44, R-45, R-46, and Road Services for County Service Area 79 and its Zone R-1, and County Service 18. Service Review and Sphere of Influence Update/Amendment for the following:

- a. Consideration of: (a) CEQA Statutory Exemption for LAFCO 3121; and (b) LAFCO 3121 - Service Review and Sphere of Influence Update for County Service Area 68 (Valley of the Moon)
- b. Consideration of: (a) CEQA Statutory Exemption for LAFCO 3122; and (b) LAFCO 3122 - Service Review and Sphere of Influence Update for County Service Area 69 (Lake Arrowhead)
- c. Consideration of: (a) CEQA Statutory Exemption for LAFCO 3119; and (b) LAFCO 3119 - Service Review and Sphere of Influence Update for County Service Area 59 (Deer Lodge Park)

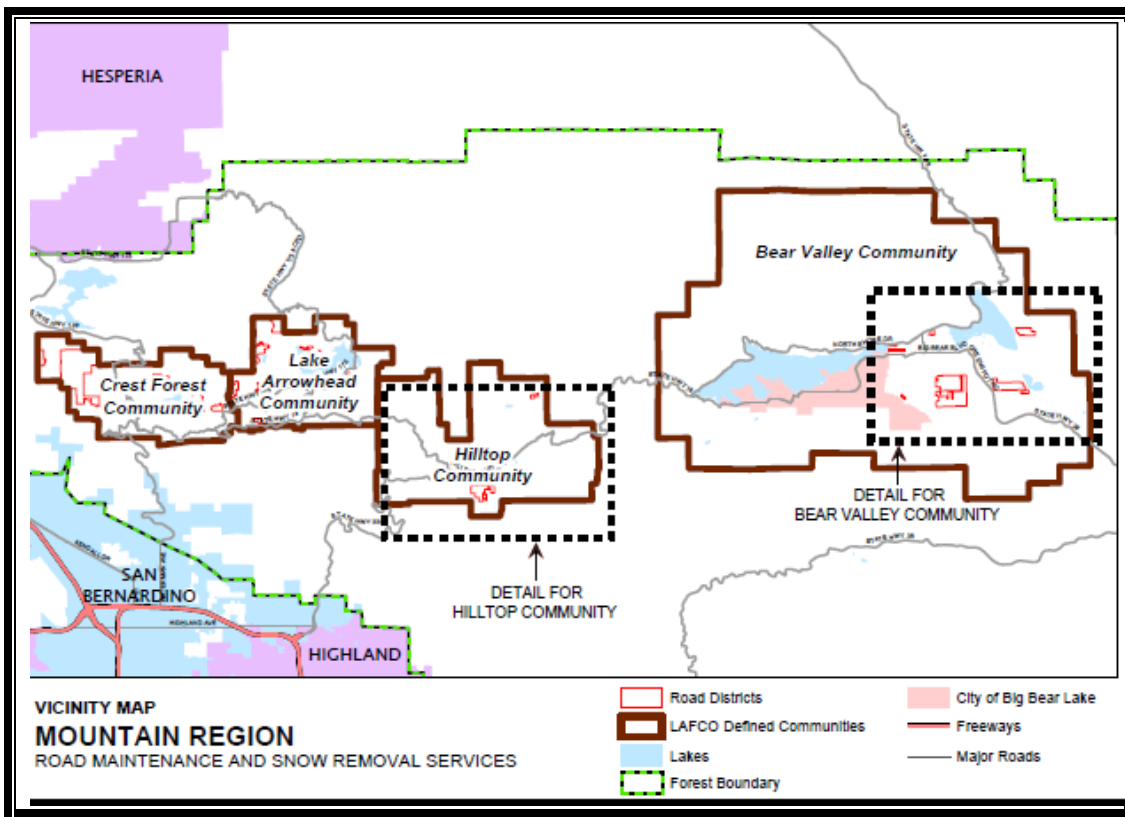
BACKGROUND:

The April hearing will complete the service reviews and sphere of influence updates required of the Commission for the Mountain Region. At the December 2010 LAFCO hearing, the Commission began its regional service review related to the provision of road and snow removal services within the Mountain Region receiving information for the Crest Forest and Lake Arrowhead communities. Over the next two years on at least three additional occasions the Commission further discussed the services provided through the

network of County Service Areas and Zones to deliver road maintenance and snow removal to the Hilltop and Bear Valley communities. At all times asking the same questions:

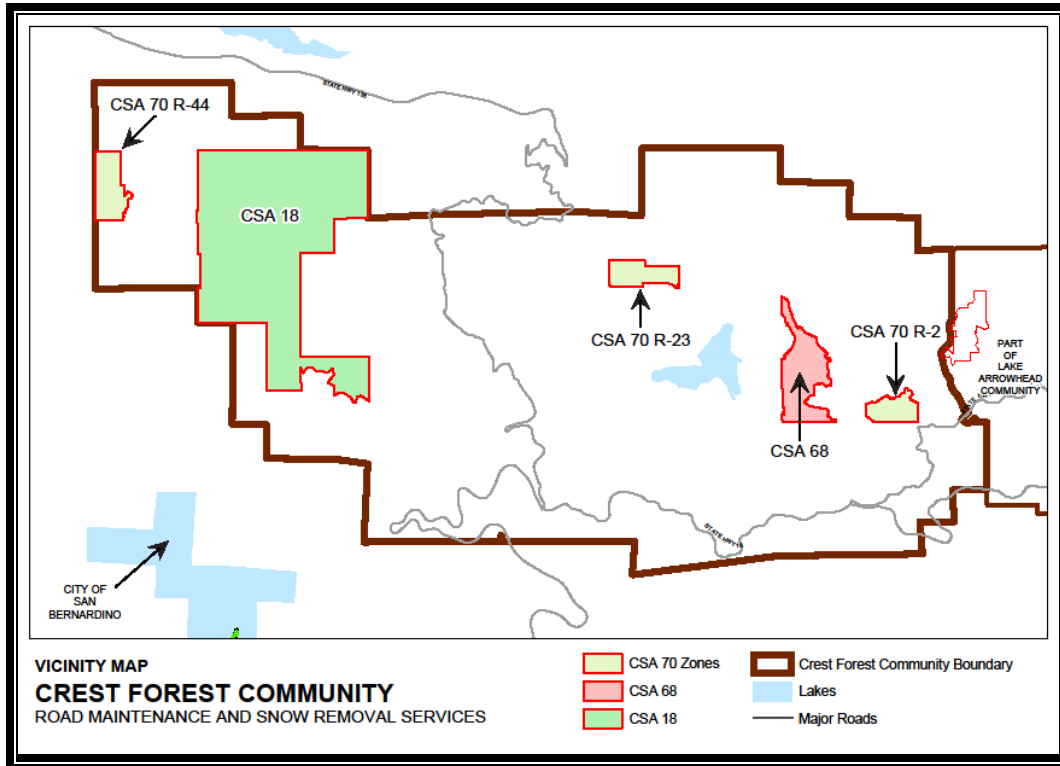
Does this method represent the most effective and efficient mechanism to provide this essential service to the residents of the area? Is there a better way? Does the position of a single County Service Area provide for a clearer delineation of responsibility and service pattern?

Through completion of the larger service reviews and sphere of influence updates for the Mountain region, the definition of the communities was solidified and is shown below a copy of which is included as a part of Attachment #1 to this report:

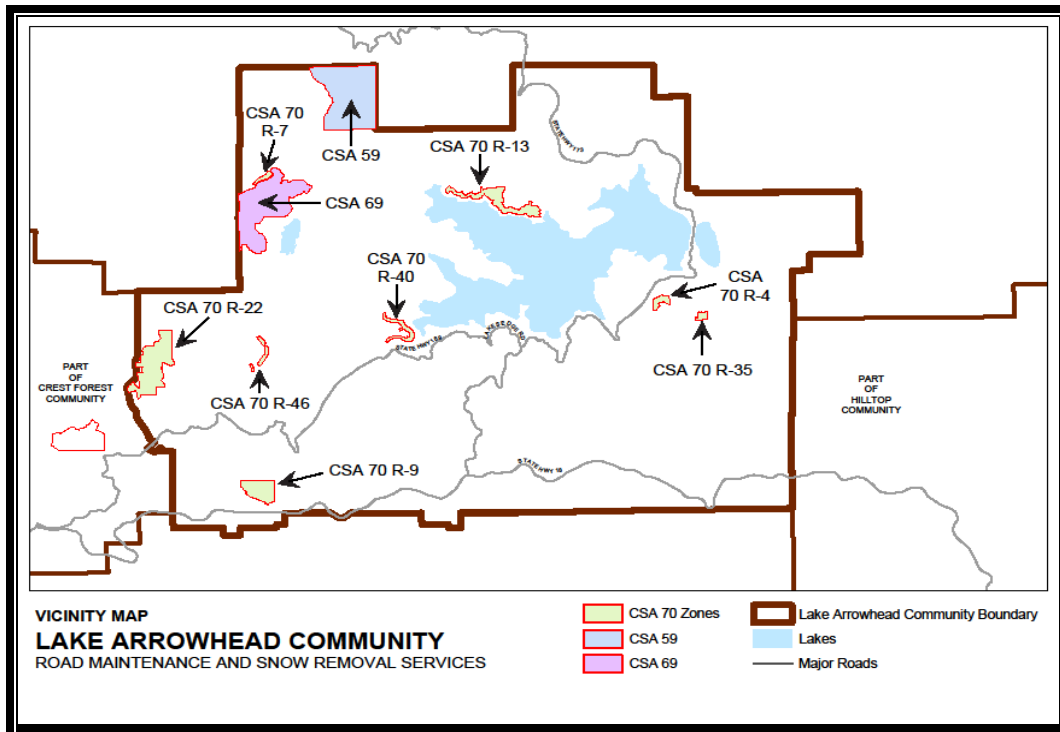


Within each community are Zones of County Service Areas or County Service Areas that are providing road maintenance and snow removal service. Each distinct community is shown below and on maps included as a part of Attachment #5:

CREST FOREST

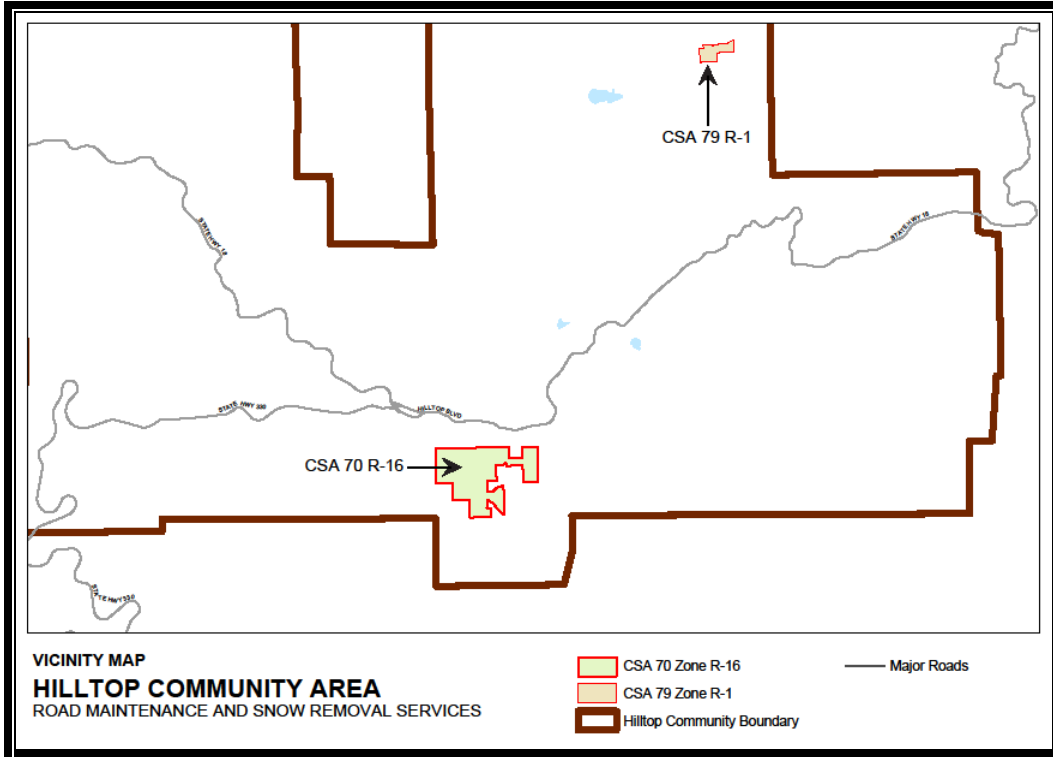


LAKE ARROWHEAD:

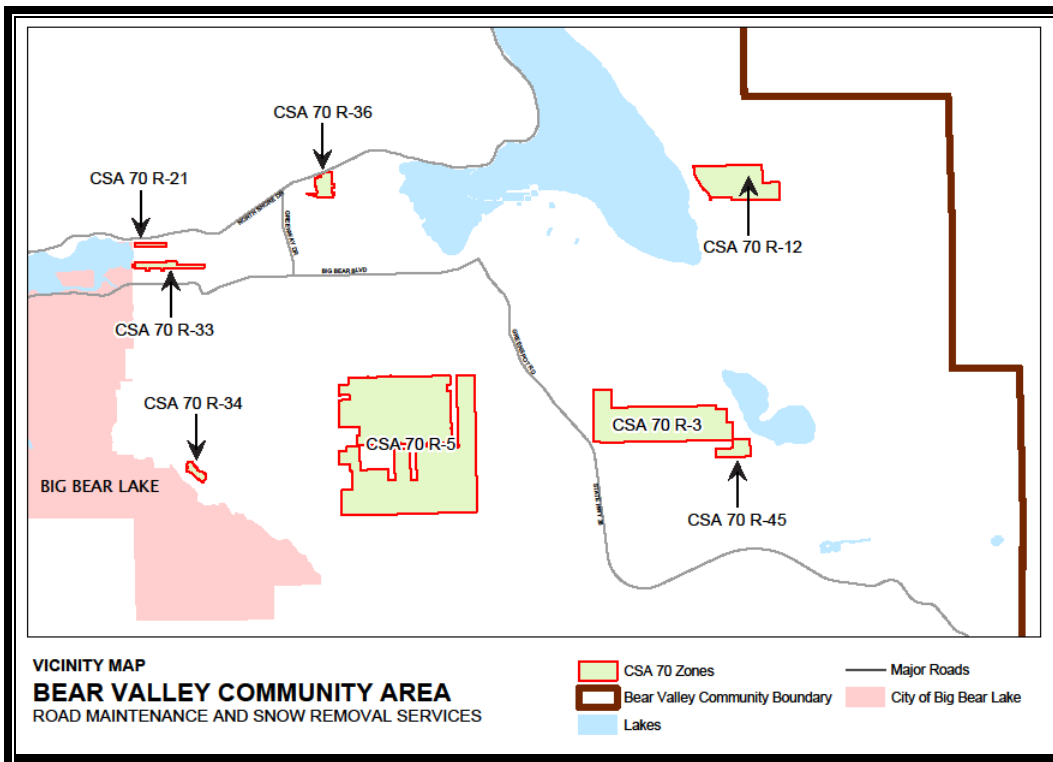


HILLTOP:

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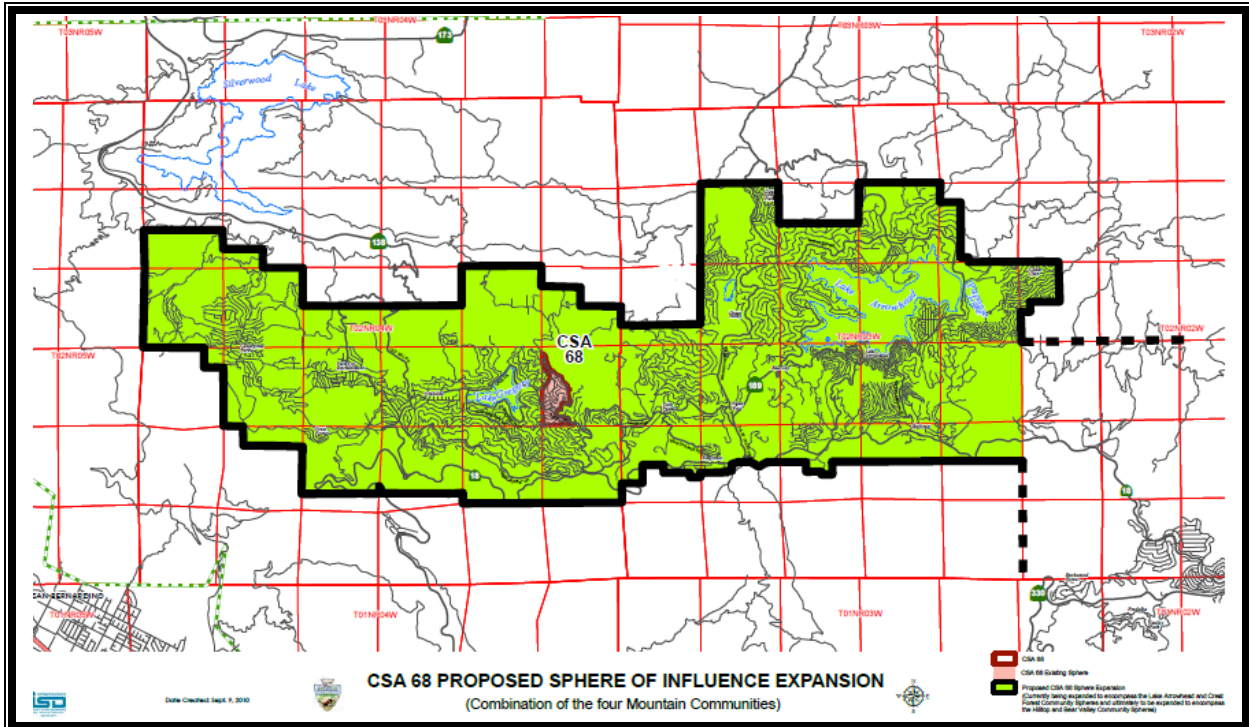


BEAR VALLEY:

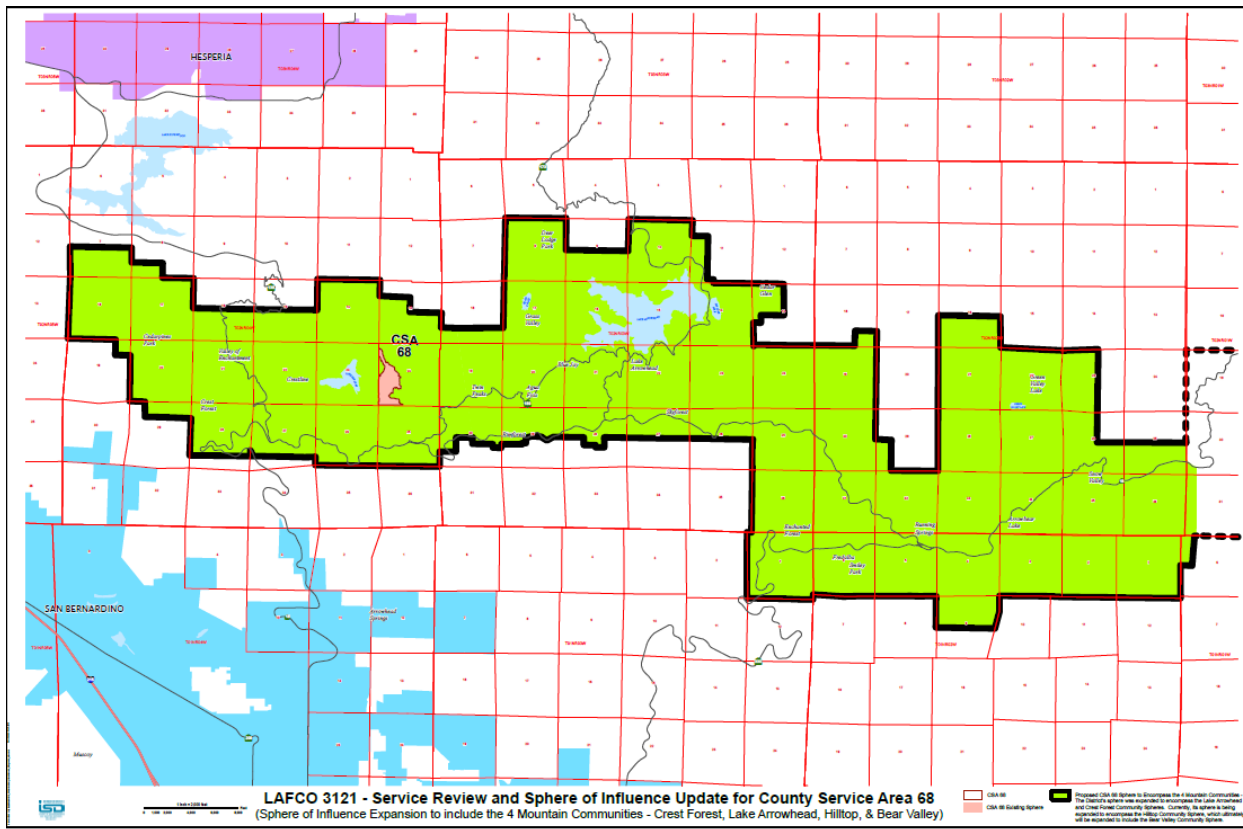


Copies of the staff reports for the previous discussions of this issue dated November 30, 2010, March 7, 2011, June 6, 2011, September 19, 2011 and February 12, 2012 are included as Attachment #2 (a through e). At the December 2010 hearing the Commission approved staff's recommendation to expand a single County Service Area sphere of influence to address the road maintenance and snow removal for the communities of Crest Forest and Lake Arrowhead, which was County Service Area (CSA) 68. The specific action was:

- 1) That the Commission signal its intent to expand the sphere of influence for CSA 68 to encompass the entirety of the Mountain region (Communities of Crest Forest, Lake Arrowhead, Hilltop (Running Springs/Arrowbear Park/Green Valley Lake), and Bear Valley), as defined by the Commission;
- 2) Signal its intent to assign a zero sphere of influence for CSA 59; and,
- 3) Signal its intent to assign a zero sphere of influence for CSA 69.



At the March 2011 hearing the Commission continued its discussion and proposed to expand the CSA 68 sphere of influence to address the Hilltop community as defined. The map proposed at the time is shown below:



During the discussion of the Bear Valley community no specific action related to expansion of the CSA 68 sphere of influence was discussed due to the location of the CSA 70 Zones only within the eastern area of the community within the existing Big Bear City CSD boundary and wholly within an existing County Service Area (CSA 53) with road powers. The Commission directed that a final determination be made for the Mountain region as a whole.

COUNTY SERVICE AREAS:

To understand the current matrix of service patterns to provide road maintenance and snow removal one must understand the intent of County Service Area law and the development of zones to address service needs. Pursuant to County Service Area Law, “a county service area may provide any governmental services and facilities within the county service area which the county is authorized to perform and which the county does not perform to the same extent on a countywide basis...”. A Senate Local Government Committee background publication to the 2008 rewrite of CSA Law states that ambiguities in CSA Law have given rise to different interpretations and treatments of county service areas by counties. The publication further states that the intent of the new CSA Law is to allow county boards of supervisors to continue to exercise flexibility in forming and using county service areas in a manner that they deem appropriate to meet their respective

¹ Detwiler, Peter M. *Serving the Public Interest: A Legislative History of SB 1458 and the “County Service Area Law,”* Sacramento: Senate Local Government Committee, October 2008.

counties' local needs. County service areas are used in most counties as financing devices for county government to provide service.

In order to address requests to provide road maintenance services and to generate revenue for the provision of road maintenance in the Mountain region, in the late 1960s the County approved the formation of six county service areas (CSAs 53, 59, 68, 69, 70 and 79). Sometime between 1969 and 1976, the County Board of Supervisors authorized road maintenance services to be provided through County Service Area 70 (serving the unincorporated territory county-wide). The last county service area to be formed for road service in the mountains was County Service Area 69 in 1969 (LAFCO 822). The staff report for that proposal expressed LAFCO staff's concern that, if approved, it would establish a precedent for road standards, which did not meet County standards for acceptance into the County maintained system and governmental services in the mountain area and that a number of similar areas would ask for this type of service in the future.

Since 1969 the County's mechanism of choice for providing this service has been through the formation of zones to county services areas, which are not subject to LAFCO review. This choice of service provision has resulted in 22 separate zones within the Mountain Region, 21 of which are zones to County Service Area 70 ("CSA 70"). The formation of these separate zones has resulted in a patchwork of road agencies spanning four communities that essentially provide the same service with the same County governance and administrative structure but vastly different revenue sources. As discussed in detail through the many months of this review, these zones and CSAs in general do not generate enough revenue to function wholly as separate agencies and must rely on CSA 70 for administration and service and supply support as more fully described in the financial discussion which follows.

Throughout the course of this review several questions have arisen which over time have been addressed or additional materials provided. Those questions are identified as:

- 1) Clarification was necessary of the services authorized to be provided by County Service Area 70 (the parent district for most of the Zones created for service delivery) to address snow removal.

LAFCO 3162 approved in February 2012 defines the services available for assignment as those defined in Government Code Section 25213(i) which reads:

- i) The acquisition, construction, improvement, and maintenance, including, but not limited to, street sweeping and snow removal, of public streets, roads, bridges, highways, rights-of-way, easements, and any incidental works.*
- 2) As the September 2011 staff report identifies, the Auditor Controller's office was to look into the questions related to a consolidated audit for a unified agency for service as an economy of scale and how the audit charges are currently apportioned to the various districts and zones.

Over the last year and half we have learned that the Auditor's office issues a single

contract for preparation of all the audits for all County-governed Special Districts, including County Service Areas, Zones and Park and Recreation Districts (the San Bernardino County Fire Protection District is a separate contract). The Special Districts Department in turn apportions the cost to each of the Districts. Based upon the questions raised by LAFCO staff and internal review of the apportionment methodology by County Special Districts, beginning in FY 2012-13 the amounts have been adjusted, as shown on the chart which follows.

LAFCO Mountain Roads Audit Analysis			
Fund	Name		Direct Audit Charge Currently 2013
RCA	CSA70 R-23 Mile High Park		857
RCM	CSA70 R-34 Big Bear Rd.		857
RCN	CSA70 R-33 Big Bear City		857
RCP	CSA79 R-1 Green Valley Lk		857
RCQ	CSA70 R-35 Cedar Glen		857
RCR	CSA70 R-36 Pan Springs		857
RGW	CSA70 R-40 Upper N. Bay Lk Arrowhead		857
SFY	CSA18 Cedar Pines		1,713
SKJ	CSA59 Deer Lodge Park		857
SKP	CSA68 Valley of the Moon		857
SKS	CSA69 Lk Arrowhead		857
SLA	CSA70-D1 Lk Arrowhead		2,142
SMA	CSA70 R-2 Twin Peaks		857
SMD	CSA70 R-3 Erwin Lk.		857
SMG	CSA70 R-4 Cedar Glen		857
SMO	CSA70 R-45 Erwin Lake		857
SMP	CSA70 R-5 Sugarloaf		2,142
SMS	CSA70 R-7 Lk Arrowhead		857
SNG	CSA70 R-9 Rim Forest		857
SNM	CSA70 R-21 Mountain View		857
SOA	CSA70 R-12 Baldwin Lk		857
SOB	CSA70 R-22 Twin Peaks		857
SOE	CSA70 R-13 Lk Arrowhead N		857
SOJ	CSA70 R-16 Running Springs		857
SYT	CSA70 R-44 Saw Pit Canyon		857
SYX	CSA70 R-46 S. Fairway Dr.		857
			25,708

It appears that there is a minimum charge of \$857 per zone which is a reasonable cost for the document but represents a significant portion of the services and supplies budget for smaller districts. As an example, CSA 70 R9 (Rimforest) the

minimum charge represents 9% of the services and supplies budget which provides for direct service to the territory.

- 3) LAFCO staff questioned the methodology for apportioning the indirect administrative overhead charges of the Special Districts Department to each of the agencies they administer.

During November and December 2012 LAFCO staff met with representatives of the Special Districts Department to determine the methodology used to identify the amounts billed to each of the entities. The total District Fund Allocation is determined by two components: (a) the average of the costs and transactions for the Salaries and Benefits Allocation and (b) the average of the costs and transactions for the Services and Supplies Allocation. It is important to note that the allocation methodology includes apportioning the full salary and benefit cost for the Assistant Regional Manager position for Roads. An example of the methodology is shown below and the example used for “SMP” is for CSA 70 R5 (Sugarloaf).

$$\left(\frac{A + B}{2} \right) + \left(\frac{C + D}{2} \right) = \text{District Fund Allocation}$$

A = Salaries & Benefits allocation for district in relation to total appropriations

B = Salaries & Benefits transactions for district in relation to total transactions

C = Services & Supplies allocation for district in relation to total appropriations

D = Services & Supplies transactions for district in relation to total transactions

SMP Example

$$\left(\frac{37,894 + 7,161}{2} \right) + \left(\frac{10,570 + 1,988}{2} \right) = \text{SMP Allocation}$$

$$22,527 + 6,279 = \boxed{\$28,806}$$

The Indirect costs for Administration for the Road agencies under review for fiscal year 2012-13 are:

SPREAD OF ADMINISTRATIVE OVERHEAD			
Agency	FY 2013 TOTAL ADMIN APPROP	FY 2013 TOTAL ADMIN TRANSACTION	FY 2013 TOTAL ADMIN AVERAGE
Bear Valley			
CSA 70 R-3 (Erwin Lake)	\$15,372	\$18,414	\$16,893
CSA 70 R-5 (Sugarloaf)	\$48,464	\$9,149	\$28,807
CSA 70 R-12 (Baldwin Lake)	\$1,425	\$3,590	\$2,508
CSA 70 R-21 (Mountain View, Big Bear)	\$354	\$3,938	\$2,146
CSA 70 R-33 (Fairway Blvd., Big Bear City)	\$419	\$3,706	\$2,063
CSA 70 R-34 (Big Bear)	\$451	\$2,316	\$1,384
CSA 70 R-36 (Pan Springs)	\$500	\$2,895	\$1,698
CSA 70 R-45 (South Irwin Lake)	\$1,005	\$3,706	\$2,358
TOTAL FOR COMMUNITY	\$67,990	\$47,714	\$57,857
Crest Forest			
CSA 18	\$55,632	\$48,757	\$52,195
CSA 68	\$22,275	\$17,372	\$19,823
CSA 70 R-2 (Twin Peaks)	\$7,829	\$17,719	\$12,774
CSA 70 R-9 (Rim Forest)	\$1,201	\$3,938	\$2,569
CSA 70 R-23 (Mile High Park, Crestline)	\$6,429	\$4,980	\$5,705
CSA 70 R-44 (Sawpit Canyon)	\$5,692	\$3,359	\$4,525
TOTAL FOR COMMUNITY	\$99,058	\$96,125	\$97,591
Hilltop			
CSA 79			
CSA 79 Zone R-1	\$1,996	\$3,590	\$2,793
CSA 70 R-16 (Running Springs)	\$5,207	\$3,590	\$4,398
TOTAL FOR COMMUNITY	\$7,203	\$7,180	\$7,191
Lake Arrowhead			
CSA 59	\$7,439	\$15,982	\$11,711
CSA 69	\$33,442	\$20,151	\$26,797
CSA 70 CG (Cedar Glen)			
CSA 70 R-4 (Cedar Glen)	\$423	\$2,548	\$1,485
CSA 70 R-7 (Winward Road, Lake Arrowhead)	\$244	\$2,664	\$1,454
CSA 70 R-13 (North Shore, Lake Arrowhead)	\$3,037	\$4,401	\$3,719
CSA 70 R-22 (Twin Peaks)	\$4,819	\$4,748	\$4,784
CSA 70 R-35 (Cedar Glen)	\$407	\$2,316	\$1,361
CSA 70 R-40 (Upper North Bay, Lake Arrowhead)	\$1,040	\$3,938	\$2,489
CSA 70 R-46 (South Fairway Dr.)	\$2,114	\$6,138	\$4,128
TOTAL FOR COMMUNITY	\$52,965	\$62,886	\$57,928

- 4) Over the course of the Mountain Road Review, LAFCO staff has questioned the application of the Gann Limit to road agencies and the methodology to apply this constitutional requirement to newly created zones. The significance of this question to application to zones is that LAFCO law (Govt. Code Section 56811) and the provisions related to implementation of the Gann limit (Government Code Section 7902.7) require a process for establishing the appropriations limit. However, the application of this same constitutional requirement for zones for County Service Areas and other types of special districts implementing zones is, to quote LAFCO Legal Counsel, “more nuanced” since there is no specific method identified in statute directing the method. LAFCO staff, through the implementation of the service review requirements, questioned the lack of assignment of appropriation limits for zones reviewed. Upon identification of the question, the County Auditor’s office, working with the Special Districts Department and the San Bernardino County Fire Protection District, has implemented the assignment of an appropriation limit for the entities.

The final question related to appropriation limit remaining relates to the annual requirement that the independent audits review the appropriation limit to expenditures and determine whether or not the limit was exceeded based upon the statutes. In reviewing this question related to the required annual report with representatives of the County Administrative Office assigned to Special Districts and County Auditor’s office in a going forward position will include the required statements following development of the mandatory reports.

- 5) As a part of the December 2010 Hearing staff report, LAFCO staff identified its uncertainty regarding the potential for County liability related to the roads in an area which had been maintained or where the roads were installed by the County. In one case where the potential for dissolution existed, the roads had been maintained for almost fifty years, having been formed in 1966. This question was reviewed with LAFCO Legal Counsel, who provided an opinion (copy included as a part of Attachment #3) which states that there is no obligation to provide road maintenance service on non-county maintained roads noting liability would only exist only if “the work is not done with reasonable care and if the work leaves the road in a more dangerous or unsafe condition than it was before the work began.” However, this does not answer the question when the County installed the road and has provided continuing maintenance in the ensuing years.

However AB 774 (Donnelly) has been sponsored by San Bernardino County to address this question through establishment of a procedure to announce the abandonment of maintenance of a road in a County Service Area or Zone where there are insufficient funds to perform the service.

After evaluating the additional information gathered over the past two years, the answers to questions provided, and the completion of the other service reviews for the community, staff believes that the Commission has two options for the sphere of influence updates based upon the service reviews:

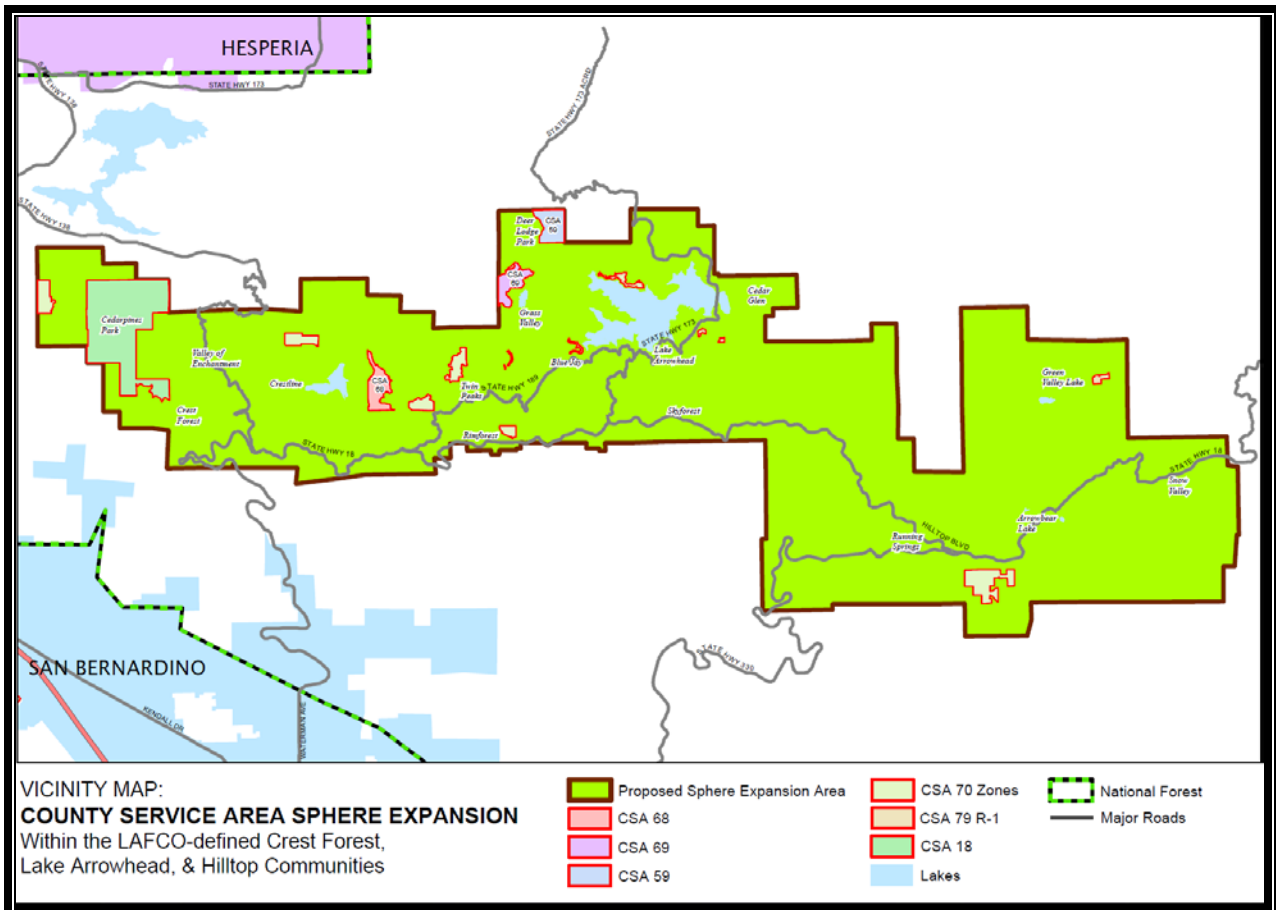
OPTION 1

Continue with the position that a future consolidation of service providers should be undertaken and that the establishment of a sphere of influence as a planning tool that could provide for such future change of organization is appropriate. However, staff is modifying its previous position of a single CSA for the entirety of the Mountain Region based upon the location of service provision in the Bear Valley community and the existence of CSA 53 with road powers encompassing the entirety of the Bear Valley community. It is the staff position that the additional information received over the past two years supports the determination that this service should be provided through a mechanism of two County Service Areas:

Territory to be identified as Rim of the World:

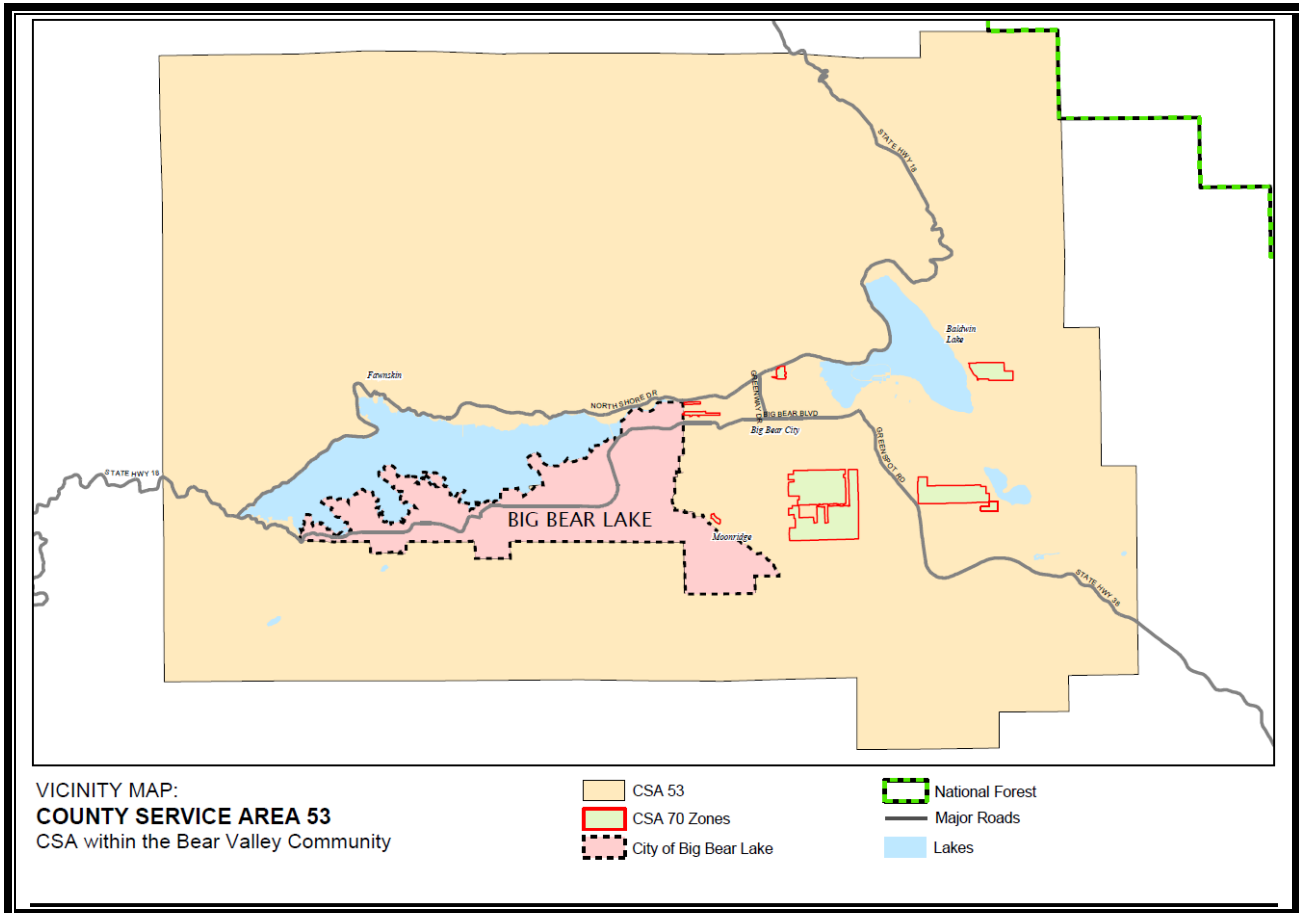
CSA 68 for the defined communities of Crest Forest, Lake Arrowhead and Hilltop (Running Springs/Arrowbear/Green Valley Lake). This would necessitate actions to:

- a. For LAFCO 3121 expand the sphere of influence for CSA 68
- b. For LAFCO 3119 designate a zero sphere of influence for CSA 59
- c. For LAFCO 3122 designate a zero sphere of influence for CSA 69



Bear Valley Community:

No change is necessary for CSA 53 as its sphere of influence already addresses the unincorporated Bear Valley community.



OPTION 2:

The Special Districts Department staff has indicated that from a philosophical position the LAFCO staff recommendation makes sense and if they were to create the system in today's world that would probably be the choice. But the Department has stated that it does not support the staff's recommended option at this time on the basis of: (1) the cost for any future change of organization and the elections necessary to equalize the funding for service; (2) that the use of CSA 70 can provide for the standards for formation of future entities advocated by LAFCO staff; and (3) there are no savings or economies of scale to be achieved from the items identified such as a single audit as originally espoused by LAFCO staff. If the Commission chooses to retain the status quo as requested by the Special Districts Department on behalf of the County, the Commission would need to determine that the spheres of influence for CSA 59, CSA 68 and CSA 69 would be coterminous with existing boundaries.

COUNTY SERVICE AREAS 18, 59, 68, AND 69
AND ZONES TO CSA 70 PROVIDING ROAD MAINTENANCE AND SNOW REMOVAL
SERVICE REVIEWS
AND SPHERE OF INFLUENCE UPDATES

INTRODUCTION:

Government Code Section 56430, effective January 1, 2013, sets out the factors that are required for all service review considerations as follows:

- (1) Growth and population projections for the affected area.
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- (4) Financial ability of agencies to provide services.
- (5) Status of, and opportunities for, shared facilities.
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

The material related to these determinations has been included in the prior discussions of road maintenance and snow removal service reviews and will only be updated in this report.

The Commission has reviewed LAFCOs 3117, 3119, 3121, 3122 and 3145 for service reviews pursuant to Government Code Section 56430 and sphere of influence updates pursuant to Government Code 56425 for County Service Area (“CSA”) 18, 59, 68, 69 and 53 in prior hearings. This report will update those previous reports on the determinations for growth and population; present and planned capacity of facilities; financial ability of agencies to provide services; status of and opportunities for shared facilities; and accountability for community service needs.

BACKGROUND:

CSA 18 was formed in 1967 for the purpose of providing water and road services in the Cedarpines Park community at the western edge of the Crest Forest community; while in 1976 its active function was described as road services only. In 1983, the Cedarpines Park

and Recreation District was dissolved and its functions transferred to CSA 18. CSA 59 was formed in 1966 for the primary purpose of providing road service within the Deer Lodge Park area of the Lake Arrowhead Community. CSA 68 and CSA 69 were formed in 1969 by action of the County of San Bernardino Board of Supervisors for the primary purpose of providing road service to an area known as Valley of the Moon within the Crest Forest community and within the Grass Valley area of the Lake Arrowhead community, respectively. In each of these cases the road services have included road maintenance (paved and unpaved roads) and snow removal. These agencies are under LAFCO purview for sphere of influence designations and changes in jurisdictional boundaries.

The agencies are dependent or “board-governed” special districts whose governing body is the County of San Bernardino Board of Supervisors. They operate under County Service Area Law (Government Code Section 25210 et seq.). Currently, each is authorized by LAFCO to provide road service pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*.

In addition there are numerous Zones to County Service Area 70 and a single Zone of CSA 79 which provide for road maintenance and/or snow removal within the communities of Crest Forest, Lake Arrowhead, Hilltop, and Bear Valley. These 22 zones are not under the purview of LAFCO but are included as a function of this review to address questions of regional service provision. Throughout the past two years, Special Districts Department personnel have provided information related to discussion of the service review factors for the four LAFCO defined communities.

At that December 2010 hearing, the Commission took action related to CSA 18 which provides road and park and recreation service to expand its sphere of influence and action related to the CSA 59, 68 and 69 to determine their intent to expand CSA 68's sphere of influence to encompass the communities of the Mountain Region but continued its consideration for determinations of the Hilltop and Bear Valley communities. At the March 2011 hearing the Commission indicated its position to expand the sphere of influence of the CSA 68 to include the Hilltop community but left open the determination for the final review for the Bear Valley community. The position of the staff throughout these considerations was that a single CSA could provide for efficiencies including such items as a single audit report, provide for standards for delivery of the service unique to the Mountain region, and address the sharing of service delivery with the County for the region and other economies of scale.

The County Special Districts Department responded, dated March 4, 2011 and November 16, 2012, that it does not support the position of LAFCO staff that a single entity would achieve the desired benefits of economy of scale as these are already provided through County Service Area 70 and that the costs for ultimate expansion are prohibitive. In the November 16, 2012 response it is identified that CSA 68 was not the most financially solvent of the mountain road districts as previously identified by LAFCO staff. In fact the agency was in the process of conducting a special tax election based upon significant road improvements necessary to maintain the road system and if unsuccessful may lead to the dissolution of the agency. As of the date of this report, the corrected special tax election for CSA 68 has not been conducted; however, staff understands that it is now tentatively

scheduled for the end of April or first part of May making the ability to fill the appropriate tax documents by the August 11th cutoff for the tax roll critical.

SERVICE REVIEWS

At the request of LAFCO staff, the County Special Districts Department, administrators for board-governed special districts, have prepared a service review response pursuant to San Bernardino LAFCO policies and procedures. Over the past two years supplemental information has been requested and provided to LAFCO staff related to audit costs, administrative costs, updated financial data, and updated information on contracts for the provision of service with the County’s Department of Public Works. The responses and LAFCO staff analysis which follow update information previously presented to the Commission.

Growth and population projections for the affected area.

Development in the San Bernardino Mountains is naturally constrained by rugged terrain, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development.

Land Ownership

The land ownership distribution and breakdown within the San Bernardino Mountain Region is provided on the table (and illustrated on the map) below. Within the four LAFCO defined communities of Crest Forest, Lake Arrowhead, Hilltop, and Bear Valley, roughly 33% of the land is privately owned and the remainder, 67%, is within the San Bernardino National Forest (owned by the federal government), which are devoted primarily to resource protection and recreational use.

**San Bernardino Mountain Region
Land Ownership Breakdown (in Acres)**

Ownership Type	LAFCO Defined Community				Total Acreage
	Crest Forest	Lake Arrowhead	Hilltop	Bear Valley	
Private	5,507	7,780	6,387	14,485	34,159
Public Lands (Federal, State, etc.)	3,981	1,415	9,667	53,258	68,321
Total	9,488	9,195	16,054	67,743	102,480

2010 Census

Following the completion of the majority of these reviews, the 2010 Census data was released. In 2000, the population within the entire LAFCO defined Mountain Region was 45,463. Based on the 2010 Census, the population for the entire the Mountain Region was 46,759. This represented an average annual growth rate of approximately 0.28 percent within the given period. Therefore, instead of a ten-year growth rate of 30% as originally presented, the actual ten-year growth rate was three percent.

Projections Utilizing SCAG Data

The projected growth for the entire Mountain Region has been recalculated utilizing a combination of the growth rates identified in the Regional Council of the Southern California Association of Governments (SCAG) Draft 2012 Regional Transportation Plan (RTP) Integrated Growth Forecast for the City of Big Bear Lake and the County’s unincorporated area for the given periods, and the use of average annual growth rate. By 2040, the population within the entire San Bernardino Mountain Region is estimated to reach 64,724. This represents a projected annual growth rate of approximately 1.09 percent between 2010 and 2040, which also represents a total population increase of 38 percent from 2010. In comparing the previous population projection for the Mountain Region, in 2030 it was estimated at 82,253 while the new projection is 56,176, a reduction of 26,077 in population.

Population Projections 2015-2040 (utilizing SCAG data)

Community	Census		Population Projection					
	2000 ²	2010 ³	2015 ⁴	2020	2025 ⁵	2030	2035	2040
Crest Forest	10,975	11,017	11,200	11,386	12,218	13,110	14,068	15,095
Lake Arrowhead	11,554	12,156	12,358	12,563	13,481	14,466	15,522	16,656
Hilltop	5,796	5,670	5,764	5,860	6,288	6,747	7,240	7,769
Bear Valley								
• City of Big Bear Lake	5,438	5,019	5,311	5,619	6,046	6,506	7,001	7,533
• Bear Valley (others)	11,700	12,897	13,111	13,329	14,303	15,347	16,468	17,671
Total	45,463	46,759	47,744	48,757	52,336	56,176	60,299	64,724

The population projection shown above may represent an unattainable growth trend based on the historic growth experienced by the four LAFCO-defined communities in the region. In addition to the population decline experienced in the unincorporated Hilltop community and the City of Big Bear Lake in the last 10 years, there are other circumstances within the

² 2000 population data was derived from the 2000 Census for each community including the City of Big Bear Lake.
³ 2010 population data was derived from the 2010 Census for each community including the City of Big Bear Lake.
⁴ 2015 and 2020 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG’s 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the City of Big Bear Lake area and the unincorporated County area between 2010 and 2020 data.
⁵ 2025, 2030, 2035 and 2040 projections were calculated using Average Annual Growth Rate based on the growth rate from SCAG’s 2012 RTP Revised Draft Integrated Growth Forecast (published May 2011) for the City of Big Bear Lake area and the unincorporated County area between 2020 and 2035 data.

region that tend to restrict growth such as the availability of lands for development. Based on these issues, actual growth is expected to be much lower than projected by SCAG.

LAFCO Staff Revised Population Projections

In order to represent a more realistic growth projection for the entire LAFCO defined Mountain Region, LAFCO staff revised the projected growth rate between 2020 and 2040 based on: 1) for the unincorporated communities of Crest Forest, Lake Arrowhead, and Bear Valley, the actual growth rate for each of the respective communities between 2000 and 2010; 2) for the unincorporated community of Hilltop, the actual growth rate between 1990 and 2010; and 3) for the City of Big Bear Lake, the growth rate projection identified in the Urban Water Management Plan prepared for the City’s Department of Water and Power, which had an annual growth rate of approximately 0.7 percent. As shown in the revised projection below, it is estimated that the population within the entire Mountain Region is expected to reach 55,121 (instead of 64,724) by 2040, or a total population increase of just 18 percent (instead of 38 percent) from 2010.

LAFCO Revised Population Projections 2015-2040

Community	Census	SCAGs Projection		LAFCO Staff Revised Projection			
	2010	2015	2020	2025	2030	2035	2040
Crest Forest	11,017	11,200	11,386	11,409	11,432	11,455	11,477
Lake Arrowhead	12,156	12,358	12,563	12,887	13,219	13,559	13,908
Hilltop	5,670	5,764	5,860	6,144	6,441	6,753	7,080
Bear Valley							
• City of Big Bear Lake	5,019	5,311	5,619	5,818	6,025	6,239	6,460
• Bear Valley (others)	12,897	13,111	13,329	13,994	14,693	15,426	16,196
Total	46,759	47,744	48,757	50,252	51,810	53,432	55,121

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

The following chart on the following page identifies each community, the road and snow removal entities governed by County Special Districts, and the number of road miles within each entity.

ROAD AGENCIES IN THE MOUNTAIN REGION:

ROAD AGENCIES IN THE MOUNTAIN REGION									
Agency	Formation Services	Formation Year	Revenue Source			Subject to Gann Limit	Miles of road	MAC, Advisory Commission	Owns Equip.
			Share of 1% General Levy	Special Tax	Service Charge				
Crest Forest									
CSA 18	park, roads and water	1967	yes		\$50	Y	17.5	N	Y
CSA 68	road maintenance	1969	yes			Y	4.0	N	
CSA 70 R-2 (Twin Peaks)	road maintenance	1974	yes		\$248	Y	1.5	N	
CSA 70 R-23 (Mile High Park, Crestline)	road, snow removal	1991		Annexed parcels \$240 (\$120 unimproved)	Original parcels \$240 (\$120 unimproved)	YES	1.0	N	
CSA 70 R-44 (Sawpit Canyon)	road maintenance	2005		\$1,000		Y	1.3	N	
							25.3		
Lake Arrowhead									
CSA 59	road maintenance	1966	yes	\$226		Y	5.0	N	
CSA 69	road maintenance	1969	yes		\$100	Y	5.0	N	
CSA 70 CG (Cedar Glen)	water, roads	2005	N/A			N/A	N/A	N/A	
CSA 70 R-4 (Cedar Glen)	road maintenance	1977			\$100	N	0.2	N	
CSA 70 R-7 (Winward Road, Lake Arrowhead)	roads, snow removal	1980			\$700	N	0.2	N	
CSA 70 R-9 (Rim Forest)	road maintenance	1983			\$60	N	1.0	N	
CSA 70 R-13 (North Shore, Lake Arrowhead)	road maintenance	1984			\$100	N	1.5	N	
CSA 70 R-22 (Twin Peaks)	road maintenance	1989		Annexed parcels \$100	Original parcels \$100	Y	2.0	Adv. Comm	
CSA 70 R-35 (Cedar Glen)	road maintenance	1994			\$150	N	0.1	N	
CSA 70 R-40 (Upper North Bay, Lake Arrowhead)	road maintenance	2001		\$500		Y	0.5	N	
CSA 70 R-46 (South Fairway Dr.)	roads, snow removal	2010		\$333		YES	0.7	N	
							16.2		
Hilltop									
CSA 79 Zone R-1	road maintenance	1993		\$398		YES	0.8	N	
CSA 70 R-11 (Running Springs/Preston) DISSOLVED	road maintenance 0.8 MILES	1984			\$100	N		N	
CSA 70 R-16 (Running Springs)	road maintenance	1984		\$600		YES	1.0	N	
							1.8		
Bear Valley									
CSA 70 R-3 (Erwin Lake)	road maintenance	1974	yes		\$12	Y	8.0	N	
CSA 70 R-5 (Sugarloaf)	road paving	1980		\$68		Y	23.0	MAC	
CSA 70 R-12 (Baldwin Lake)	road maintenance	1984			\$318	N	1.8	N	
CSA 70 R-21 (Mountain View, Big Bear)	road maintenance	1987			\$90	N	0.2	N	
CSA 70 R-33 (Fairway Blvd., Big Bear City)	road, snow, misc.	1995			\$100	N	0.8	N	
CSA 70 R-34 (Big Bear)	road maintenance	1994			\$100	N	0.2	N	
CSA 70 R-36 (Pan Springs)	road maintenance	1994			\$100	N	1.0	N	
CSA 70 R-45 (South Irwin Lake)	roads and snow	2009			\$160	N	0.8	N	
							35.7		

sources: Special Districts Department FY 2011-12 and 2012-13 Adopted Budget; Formation Documents; Special Tax Elections; LAFCO files

CSA 18 was formed in 1967 by action of the County of San Bernardino Board of Supervisors for the primary purpose of providing road services to the northwestern Crest Forest Community. In 1983, the Cedarpines Park and Recreation District was dissolved and CSA 18 was determined to be the successor agency for park and recreation services in the area; providing a transfer of approximately \$13,000 in general ad valorem property tax. CSA 18 provides road maintenance and snow removal for 17.3 miles of paved and dirt roads; the operation of a community center and one five acre park.

CSA 59 provides road maintenance and snow removal to 5.0 miles within its boundaries. At the time of the original review, County Special Districts Department staff identified a significant need for paving rehabilitation. Based upon the limited funding available to CSA 59 through its ad valorem tax revenue a special tax was needed. The Special Districts Department staff worked for over a year with the residents and landowners within CSA 59 in an attempt to pass a special tax to finance the projects. While there was concern, the special tax was passed and a work schedule for the area developed.

CSA 68 provides road maintenance and snow removal to 4.0 miles within its boundaries. According to County Special Districts staff for the December 2010 consideration, roads are resurfaced as needed and as funding is available per the “road improvement plan” approximately every three to five years. No information was submitted identifying the review process for development of the road improvement plan, consultation with residents/landowners, costs associated with the plan or whether or not the plan is adopted by the District’s governing body. At the time of the original consideration of the Mountain Region Road Report, LAFCO staff recommended that CSA 68’s sphere of influence be expanded to include the Mountain Region to consolidate future services. Following completion of the Crest Forest review it was learned that significant repairs were needed within the CSA 68 road system to address culvert failures causing sinkholes in the roadways. In order to address these service issues supplemental funding is required from within CSA 68. LAFCO staff understands that there may be a concern that residents and landowners will not pass the special tax; therefore, continuation of road maintenance is questionable. Special Districts’ staff has indicated that snow removal could remain.

CSA 69 provides road maintenance and snow removal to 5.0 miles within its boundaries. According to County Special Districts staff, roads are resurfaced as needed and as funding is available per the “road improvement plan” approximately every three years. As with CSA 68, no information was provided outlining the development of the road improvement plan, its funding needs or the status of review with the governing body. Asphalt repairs are completed annually each summer as needed. According to Special Districts Management, the road conditions within the District were very good until after the 2007 fire. The fire did not damage the roads; however, equipment used for clearing of fire debris caused significant damage. Supplemental funding from the federal government was received to provide for needed repairs.

Since the passage of Prop 13 the development of Zones of CSA 70 for the purpose of providing road maintenance has been the method of choice to respond to property owner inquiries. This method removes the third-party review of LAFCO that would be necessary in an annexation to a County Service Area. Special District Department staff has acknowledged that they are the “entity of last resort” for those in need of service for roads not built to county standards. Since entities created after Prop 13 must rely on special taxes and/or assessments rather than ad

valorem property taxes it makes it more difficult to receive the funding necessary for the service anticipated and the use of flat rate service charges or special taxes do not keep up with increased costs over time. As the financial information presented in the following section identifies, there are serious concern about the sustainability of these agencies. However, so long as the land use review process allows for development with roads not built to county standards and included in the county-maintained road system, this problem will continue to exist.

Financial ability of agencies to provide services.

The following information will update financial information presented in previous reports presented to the Commission. Attachment #5 to the staff report provides the full financial spreadsheet depicting Adopted Budget information for Fiscal Year 2005-06 through 2012-13 and information from the Audits prepared for these agencies from Fiscal Year 2005-06 through 2011-12; provides the approved listing of road activities as provided by Special Districts dated 2010 (remains current) and maps of the entities.

Crest Forest Community

There are two active County Service Areas and three Zones within the Crest Forest community providing service to approximately 25.3 miles of roads. The following narrative provides a brief description of each CSA and Zone within the community along with charts which identify the budgeted and actual expenditures as shown in the County's adopted Special District budgets.

CSA 18

CSA 18 maintains 17.5 miles of paved and unpaved roads but also provides for maintenance of a senior center and a park in the Cedarpines Park portion of the Crest Forest community. The budget does not identify the separation of activities nor does the audit and the CSA is included in the Road Division of the County Special Districts Budget. CSA 18's funds are received from a share of the ad valorem property tax and a \$50 per parcel charge placed on the tax bill. The information below identifies that for the last four years expenditures have exceeded revenues depleting the fund balance; however, for Fiscal Years 2005-06 through 2011-12 \$864,277 was transferred into capital improvements identified as an "Operating Transfers Out" to provide for road rehabilitation, repair and paving. However, LAFCO staff can find no actual activity for capital improvement or information on expenditure made from the fund, there is no increase in capital assets that would appear to address this, so further information is necessary from the Special Districts Department. The CSA 70 administrative charges have fluctuated dramatically over the last five years for this agency – Transfers Out listed under expenditures – with Fiscal Year 2012-13 returning to 2006-07 levels with no explanation.

AGENDA ITEM 7 – MOUNTAIN
ROADS AND SNOW REMOVAL REPORT
April 10, 2013

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ 91,963	\$ 138,685	\$ 126,613	\$ 126,256	\$ 116,040	\$ 110,401	\$ 103,090	\$ 105,406
Interest	8,037	16,275	23,252	16,573	6,609	2,433	614	1,166
State/Fed Aid	9,574					18,811	1,683	1,349
Current Services	300,382	249,370	206,180	180,535	179,576	170,121	150,506	160,902
Operating Transfers In		6,470	2,040	126,868				
Other	1,984	13,906	11,129	4,333	320	(1,084)	(303)	98
Total Revenues	411,940	424,706	369,214	454,565	302,545	300,682	255,590	268,921
EXPENDITURES								
Salaries & Benefits	70,209	72,624	84,586	93,723	102,614	(75)	1,200	-
Services & Supplies	33,414	48,901	54,011	111,527	85,526	122,673	95,725	239,691
Reimbursements		(6,235)	(2,917)	(6,621)	(13,531)			
Other	15,855	102	649	(25)	134,217	31	24	18
Transfers Out	43,388	53,466	73,546	93,591	104,915	186,198	159,876	52,195
Operating Transfers Out	166,320	87,000	118,566	125,000	125,000	200,000	42,391	
Contingencies				-	-			89,046
Total Expenditures	329,186	255,858	328,441	417,195	538,741	508,827	299,216	380,950
Net Change in Fund Balance	82,754	168,848	40,773	37,370	(236,196)	(208,145)	(43,626)	(112,029)
Fund Balance, Budget	\$ 357,088	\$ 527,573	\$ 568,346	\$ 605,717	\$ 367,397	\$ 151,257	\$ 115,625	\$ 3,596
Fund Balance Unreserved	355,290	524,138	564,911	602,282	367,397	155,254	112,029	-
CAPITAL IMPROVEMENTS								
Balance	5,015	352	1,263	1,412	(81)	34,819	63,558	-
Capital Assets - 17.5 miles	\$ 1,564,918	\$ 1,598,685	\$ 1,664,354	\$ 1,710,976	\$ 1,843,129	\$ 1,872,092	\$ 1,740,754	

CSA 68

The sole source of revenue for CSA 68 is its share of the general ad-valorem property tax levy. CSA 68 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. The District is currently facing a significant challenge due to limited resources to address issues such as culvert collapse, sinkholes, and road maintenance needs. As the spreadsheet below shows it is anticipated that the fund balance carrying forward into FY 2013-14 will only be \$43. A special tax election will be going to residents in late April or early May to allow for placement on next year's tax roll (cutoff is August 11, 2013). Failure to pass the tax will call into question the continuing ability of the agency to provide road maintenance with the possibility of transitioning into an entity providing snow removal only.

AGENDA ITEM 7 – MOUNTAIN
ROADS AND SNOW REMOVAL REPORT
April 10, 2013

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ 34,515	\$ 47,524	\$ 50,112	\$ 73,306	\$ 28,523	\$ 43,885	\$ 40,970	\$ 42,126
Interest	960	3,457	3,907	2,113	1,021	449	131	201
Current Services		(429)	(359)	(662)	(599)	(510)	(500)	(510)
Fed/State Assistance						7,080	78,444	565
Other		683	154	840		(149)	(62)	
Operating Transfers In		50,000	-					
Total Revenues	35,475	101,235	53,814	75,597	28,945	50,755	118,983	42,382
EXPENDITURES								
Salaries & Benefits	2,841	-	-	-	-	-	-	-
Services & Supplies	8,961	85,659	41,514	35,250	29,091	98,500	74,645	58,567
Transfers Out	7,005	6,916	9,331	14,773	15,954	17,393	17,153	19,824
Other	19	1	(1)	18				
Operating Transfers Out				15,925				
Total Expenditures	18,826	92,576	50,844	65,966	45,045	115,893	91,798	78,391
Net Change in Fund Balance	16,649	8,659	2,970	9,631	(16,100)	(65,138)	27,185	(36,009)
Fund Balance, Budget	\$ 68,909	\$ 77,914	\$ 80,884	\$ 90,515	\$ 74,415	\$ 8,795	\$ 36,052	\$ 43
Fund Balance Unreserved	69,255	77,914	80,884	90,515	74,144	8,900	36,009	-
Capital Assets - 4.0 miles	\$ 703,783	\$ 679,090	\$ 654,400	\$ 645,634	\$ 620,556	\$ 595,201	\$ 569,846	

R-2 Twin Peaks was originally established in November 1974 to provide road maintenance and snow removal to 1.5 miles of paved roads. The roads within CSA 70 R-2 are not shown on parcel maps in the area as public roads, but County Special Districts Department personnel have indicated that there are prescriptive rights for public use. LAFCO staff has requested that the Special Districts Department provide the Court documents perfecting the prescriptive right for file purpose. As of the date of this report, that information has not been received. Funding is provided by a share of the 1% ad valorem tax as it is a pre-Prop 13 agency and a special tax approved in 2008 which includes a 2.5% inflation factor. The 2012-13 special tax is \$248.37 per parcel applied to 303 parcels and is shown under Fee/Rate on the budget data which follows. For all other entities these revenues are identified as “Current Services”.

AGENDA ITEM 7 – MOUNTAIN
ROADS AND SNOW REMOVAL REPORT
April 10, 2013

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ 7,102	\$ 8,714	\$ 9,952	\$ 29,679	\$ 9,956	\$ 9,902	\$ 9,840	\$ 9,682
Interest	171	368					313	266
Fee/Rate		(79)	(70)	39,765	61,734	60,263	58,559	57,361
Other		12	497	1,009	839	2,260	7,731	115
Total Revenues	7,273	9,015	10,379	70,453	72,529	72,425	76,443	67,424
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	2,939	7,063	(292)	17,568	31,040	24,696	18,479	33,857
Other						60,811		
Transfers Out	2,927	2,998			110,000	5,690	4,760	12,774
Operating Transfers Out								100,000
Contingencies		-	-	-	-	-	-	13,911
Total Expenditures	5,866	10,061	(292)	17,568	141,040	91,197	23,239	160,542
Net Change in Fund Balance	1,407	(1,046)	10,671	52,885	(68,511)	(18,772)	53,204	(93,118)
Fund Balance, Budget	\$ 6,540	\$ 5,519	\$ 16,190	\$ 69,075	\$ (1,232)	\$ 39,772	\$ 93,200	\$ 82
Fund Balance Unreserved	6,565	5,519	16,190	69,075	58,768	39,884	93,118	-
CAPITAL IMPROVEMENTS								
Capital Assets - 1.5 miles	\$ 105,546	\$ 101,583	\$ 97,621	\$ 93,659	\$ 159,341	\$ 187,052	\$ 179,127	

R-23 (MILE HIGH PARK) was formed in 1991 to provide maintenance of 1 mile of paved road and unpaved roads in the area. The services provided are road maintenance and snow removal. The original area of the Zone has a service charge of \$240 per improved parcel and \$120 per unimproved parcel. In 2001 an annexation of 25 parcels was conducted and those parcels had a special tax applied to each parcel of \$240 for an improved parcel and \$120 for unimproved parcels. LAFCO staff contacted the Special Districts Department to request clarification of how the special tax could be segregated in the Zone since there is no statutory provision to allow for a Zone within a Zone. As of the date of this report, no response has been provided. The special tax and the service charge are identified under “Current Service” for the budget and “Special Assessment” on audit report.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,307	\$ 56	\$ 155
Interest	1,275	1,977	2,049	1,103	527	364	125	
Current Services	15,713	20,563	14,949	16,930	16,357	19,146	16,920	16,560
Other		49	1,834	235	-	(46)	(44)	262
Total Revenues	16,988	22,589	18,832	18,268	16,884	20,771	17,057	16,977
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	1,341	13,542	18,294	15,828	10,826	14,703	20,971	26,095
Transfers Out	6,734	8,067	6,242	6,634	5,707	6,160	7,702	5,704
Contingencies		-	-	-	-	-	-	9,901
Total Expenditures	8,075	21,609	24,536	22,462	16,533	20,863	28,673	41,700
Net Change in Fund Balance	8,913	980	(5,704)	(4,194)	351	(92)	(11,616)	(24,723)
Fund Balance, Budget	\$ 44,948	\$ 46,162	\$ 40,458	\$ 36,264	\$ 36,472	\$ 36,210	\$ 24,764	\$ 41
Fund Balance Unreserved	45,182	46,162	40,458	36,264	36,472	36,295	24,723	-
CAPITAL IMPROVEMENTS								
Capital Assets - 1.0 mile	\$ 14,489	\$ 14,062	\$ 13,636	\$ 13,210	\$ 12,784	\$ 12,358	\$ 11,931	

R- 44 located in the Sawpit Canyon area of the Crest Forest community westerly of CSA 18 was established by voter approval in August 2005 to provide road maintenance and snow removal. A portion of the roads within CSA 70 R-44 are not shown on parcel maps in the area as public roads, but County Special Districts Department personnel have indicated that there are prescriptive rights for public use. LAFCO staff has requested that the Special Districts Department provide the Court documents perfecting the prescriptive right for file purpose. As of the date of this report, that information has not been received. The specific services are identified in the budget as road improvement and maintenance, maintenance of several large culverts, headwall installations and maintenance, land slide restoration, snow removal and road grading. These services are funded by a special tax placed on each of the 11 parcels in the Zone in the amount of \$1,000 with no inflationary factor identified. The spreadsheet identifies FY 2011-12 ended in a negative balance which will have had to have been addressed by the County Auditor through a loan to be repaid in FY 2012-13 from cash available. However, LAFCO staff questions the future sustainability of this Zone for the services identified which includes maintenance of three bridges and culverts on dirt roads serving these properties.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	1,491	5,462	1,499	255	119	99	35	47
Current Services	160,000	26,975	11,000	11,800	11,000	11,000	11,000	11,000
Other		(124)	(4,846)	5,034	-	12,344	229	
Total Revenues	161,491	32,313	7,653	17,089	11,119	23,443	11,264	11,047
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	1,856	10,000	67,191	1,750	4,625	9,134	13,851	4,962
Other				2,980	427	6,273	9,372	
Transfers Out	-	5,632	3,374	4,548	4,139	4,529	3,825	4,526
Operating Transfers Out	-	130,000						
Total Expenditures	1,856	145,632	70,565	9,278	9,191	19,936	27,048	9,488
Net Change in Fund Balance	159,635	(113,319)	(62,912)	7,811	1,928	3,507	(15,784)	1,559
Fund Balance, Budget	\$ 159,364	\$ 46,315	\$ (9,929)	\$ (4,929)	\$ (3,027)	\$ 15,757	\$ (1,552)	\$ 7
Fund Balance Unreserved	159,364	46,315	5,071	12,882	12,284	15,774	(1,559)	-
Fund Balance, Audit restated		\$ 46,315	\$ 10,070	\$ 11,323	\$ (4,585)	\$ 14,232	\$ (1,552)	
				\$ (6,488)	\$ 10,725			
Capital Assets - 1.3 miles		\$ 126,077	\$ 180,633	\$ 175,401	\$ 167,681	\$ 159,753	\$ 152,243	


LAKE ARROWHEAD

There are two active County Service Areas and eight Zones within the Lake Arrowhead community providing service to approximately 16.2 miles of roads, the majority of which are paved. In addition, there is currently an inactive Zone, CSA 70 Zone CG, which was created as a mechanism to assume responsibility for road maintenance and snow removal following replacement of the road system in the larger Cedar Glen community by the County's redevelopment agency along with operation of the upgraded water and wastewater systems. There are questions regarding the future of the upgrades for this community due to the demise of redevelopment agencies not addressed in this report. The following narrative provides a brief description of each County Service Area and Zone within

the community along with charts which identify the budgeted and actual expenditures as shown in the County’s adopted Special Districts budgets.

CSA 59

CSA 59 receives a share of the general ad-valorem property tax levy. CSA 59 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 through an annual “Transfer Out” of funds to CSA 70. Funds within the “Fund Balance” category are maintained for emergencies such as road failures, culvert failures, and excessive snow storms. In 2011 a new special tax of \$225.50 per parcel was applied to 706 parcels. This special tax applied since 2011-12 has allowed the district to perform needed road repairs. Without the approval, the Special Districts Department had advocated the dissolution of the district due to liability questions.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ 27,090	\$ 33,134	\$ 37,537	\$ 54,988	\$ 24,441	\$ 37,733	\$ 35,643	\$ 39,014
Interest	1,365	1,295	2,098	1,603	903	99	270	78
Current Services	238	(303)	(264)	(531)	(512)	(445)	115,924	137,407
Fed/State Aid						512	487	498
Other		76	70	264		(202)	42	
Operating Transfers In			2,290					
Total Revenues	28,693	34,202	41,731	56,324	24,832	37,697	152,366	176,997
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	36,464	7,100	16,126	20,442	92,642	20,200	11,431	37,920
Transfers Out	5,099	7,103	8,432	10,411	11,309	12,603	12,021	11,711
Contingencies								112,984
Operating Transfers Out		20,500					11,100	140,000
Total Expenditures	41,563	34,703	24,558	30,853	103,951	32,803	34,552	302,615
Net Change in Fund Balance	(12,870)	(501)	17,173	25,471	(79,119)	4,894	117,814	(125,618)
Fund Balance, Budget	\$ 39,879	\$ 39,625	\$ 56,798	\$ 82,269	\$ 2,976	\$ 7,823	\$ 125,683	\$ 65
Fund Balance Unreserved	40,126	39,625	56,798	82,269	2,976	7,846	125,618	-
Capital Assets - 5.0 miles	\$ 798,359	\$ 790,749	\$ 757,819	\$ 724,888	\$ 691,957	\$ 659,026	\$ 637,634	

CSA 69

The two main sources of revenue for CSA 69 are its share of the general ad-valorem property tax levy and a \$100 annual per parcel service charge. CSA 69 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. Funds within the “Fund Balance” category are maintained for emergencies such as road failures, culvert failures, and excessive snow storms

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BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ 65,315	\$ 70,727	\$ 39,075	\$ 18,574	\$ 23,616	\$ 26,208	\$ 25,011	\$ 25,252
Interest	882	3,186	5,985	3,594	1,675	1,066	252	637
Current Services		(288)	26,254	40,363	39,249	39,854	36,485	36,595
Fed/State Aid			17,724			340	10,956	339
Other		183	8,805	2,259		(219)	(132)	
Operating Transfers In		21,576						
Total Revenues	66,197	95,384	97,843	64,790	64,540	67,249	72,572	62,823
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	18,618	15,742	77,439	51,760	63,225	32,605	15,863	40,180
Transfers Out	8,336	10,693	11,318	18,475	20,655	24,681	21,552	26,797
Contingencies								53,893
Operating Transfers Out						9,000	84,020	
Total Expenditures	26,954	26,435	88,757	70,235	83,880	66,286	121,435	120,870
Net Change in Fund Balance	39,243	68,949	9,086	(5,445)	(19,340)	963	(48,863)	(58,047)
Fund Balance, Budget	\$ 53,284	\$ 122,186	\$ 131,272	\$ 125,828	\$ 106,012	\$ 106,579	\$ 58,113	\$ 66
Fund Balance Unreserved	53,237	122,186	131,272	125,828	106,012	106,777	58,047	-
Capital Assets - 5.0 miles	\$ 540,855	\$ 467,823	\$ 451,409	\$ 434,994	\$ 418,579	\$ 410,186	\$ 393,771	

R-4 Cedar Glen was established by the County Board of Supervisors in September 1977 to provide road maintenance and snow removal to 964 feet of Ponderosa Road. Service is funded through a per parcel service charge set at \$100 for Fiscal Year 2012-13. This charge is applied to 26 parcels. As the chart below identifies, expenditures for the last five years have exceeded revenues. LAFCO staff questions the long-term sustainability of the agency without an increase in the service charge.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ 1,904	\$ 4,860	\$ -	\$ -	\$ -	\$ 37	\$ 179	\$ -
Interest	229	285	427	217	149	89	39	50
Current Services			2,903	2,048	2,356	2,349	2,550	2,099
Other		7	16	58	-	(14)	(10)	
Operating Transfers In								
Total Revenues	2,133	5,152	3,346	2,323	2,505	2,461	2,758	2,149
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	45	121	1,596	1,719	1,174	2,211	1,648	5,397
Transfers Out	1,960	1,966	1,421	1,024	1,604	2,070	1,516	1,485
Contingencies								1,410
Operating Transfers Out								
Total Expenditures	2,005	2,087	3,017	2,743	2,778	4,281	3,164	8,292
Net Change in Fund Balance	128	3,065	329	(420)	(273)	(1,820)	(406)	(6,143)
Fund Balance, Budget	\$ 5,676	\$ 8,775	\$ 9,104	\$ 8,684	\$ 8,378	\$ 6,521	\$ 6,151	\$ 8
Fund Balance Unreserved	5,710	8,775	9,104	8,684	8,378	6,539	6,143	-
Capital Assets - 0.2 mile	\$ 46,264	\$ 44,900	\$ 43,539	\$ 42,178	\$ 40,816	\$ 39,455	\$ 38,094	

R-7 Lake Arrowhead was established in 1980 to maintain 964 feet of paved Windward Road along the northern boundary of CSA 69. Services are funded by a per parcel service charge of \$700. LAFCO staff would question the choice for development of the Zone rather than annexation to CSA 69 for the needed service. For Fiscal Year 2012-13 there are 9

parcels charged for the service of road maintenance and snow removal at a rate of \$700 per parcel. As the chart below identifies, expenses fluctuate with expenses exceeding revenues for FY 2007-08, 2010-11 and 2011-12 but revenues exceed expenses for 2005-06, 2006-07 and 2008-09.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	277	290	163	153	120	70	20	26
Fed/State Aid			3,141					
Current Services	6,300	6,300	2,958	6,300	6,300	6,300	5,250	5,950
Other		9	165	784		(15)	(7)	
Operating Transfers In		172						
Total Revenues	6,577	6,771	6,427	7,237	6,420	6,355	5,263	5,976
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	645	310	146	687	498	2,960	1,646	4,104
Other Charges	4,500	4,500	4,500	739	318	6,902	2,719	
Transfers Out	1,389	1,919	2,586	1,796	2,117	1,781	1,621	1,454
Contingencies								3,321
Operating Transfers Out								
Total Expenditures	6,534	6,729	7,232	3,222	2,933	11,643	5,986	8,879
Net Change in Fund Balance	43	42	(805)	4,015	3,487	(5,288)	(723)	(2,903)
Fund Balance, Budget	\$ (21,766)	\$ (18,325)	\$ (7,270)	\$ (3,994)	\$ (529)	\$ 3,607	\$ 2,907	\$ 4
Fund Balance Unreserved	6,011	6,053	9,292	9,263	8,917	3,618	2,903	-
Fund Balance, Audit restated	\$ (18,410)	\$ (14,496)	\$ (7,270)	\$ (3,994)	\$ (529)	\$ 3,629	\$ 2,907	
					\$ 8,917			
Capital Assets - 0.2 mile	\$ 31,578	\$ 30,723	\$ 29,870	\$ 29,017	\$ 28,163	\$ 27,310	\$ 26,457	

R-9 (Rim Forest) was established in 1983 to provide maintenance to 1 mile of paved road. The services provided are road maintenance and snow removal and are funded by a per parcel service charge of \$60. The FY 2012-13 parcel count is 148 parcels. As the spreadsheet below identifies for the last seven years expenditures have exceed revenues. LAFCO staff estimates the balance forward into FY 2013-14 will be \$6 (no contingency line item included for this budget unit), leading to an anticipated reduction in service to meet revenue expectations. Based upon information provided, the short fall is estimated to be \$3,000 for Fiscal Year 2014-15.

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BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305	\$ 288
Interest	715	915	1,007	457	130		31	46
Current Services	8,163	10,332	9,112	9,883	10,519	8,940	8,878	9,047
Operating Transfers In		2,410						
Other		27	43	94	-	80	(13)	
Total Revenues	8,878	13,684	10,162	10,434	10,649	9,020	9,201	9,381
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	3,330	11,912	8,396	13,987	8,412	10,952	5,780	10,066
Transfers Out	4,130	4,681	3,155	3,609	4,048	4,001	4,344	2,570
Total Expenditures	7,460	16,593	11,551	17,596	12,460	14,953	10,124	12,636
Net Change in Fund Balance	1,418	(2,909)	(1,389)	(7,162)	(1,811)	(5,933)	(923)	(3,255)
Fund Balance, Budget	\$ 23,336	\$ 20,551	\$ 19,162	\$ 12,001	\$ 10,116	\$ 4,145	\$ 3,261	\$ 6
Fund Balance Unreserved	23,470	20,551	19,162	12,001	10,116	4,164	3,255	-
Capital Assets - 1.0 mile	\$ 27,888	\$ 27,191	\$ 26,494	\$ 25,797	\$ 25,100	\$ 24,403	\$ 23,705	-

R-13 identified as Lake Arrowhead North Shore was established by the Board of Supervisors in 1984 to maintain 1.39 miles of paved roads for road maintenance and snow removal. A review of maps for the area shows that the western portion of the Zone does not have dedicated roads but are defined as prescriptive public roads in order to provide service. LAFCO staff has requested that the Special Districts Department provide the Court documents perfecting the prescriptive right for file purposes. As of the date of this report, that information has not been received. Services provided to this Zone are funded by a per parcel service established at \$100 per parcel on 88 parcels. Of concern to LAFCO staff is that the Zone's expenditures have exceeded revenues for the last four years; expenses have increased while service charges appear to have remained static.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64	\$ 186	\$ 209
Interest	773	1,207	1,450	940	521	301	85	188
Current Services	8,629	8,386	8,923	8,875	7,903	8,600	8,951	9,202
Other		23	56	206	-	(59)	(42)	
Operating Transfers In		255						
Total Revenues	9,402	9,871	10,429	10,021	8,424	8,906	9,180	9,599
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	489	1,910	1,501	1,798	8,148	12,708	7,901	16,857
Transfers Out	4,435	4,615	5,578	4,699	3,957	4,855	2,808	3,719
Contingencies								10,766
Total Expenditures	4,924	6,525	7,079	6,497	12,105	17,563	10,709	31,342
Net Change in Fund Balance	4,478	3,346	3,350	3,524	(3,681)	(8,657)	(1,529)	(21,743)
Fund Balance, Budget	\$ 25,373	\$ 28,867	\$ 32,217	\$ 35,742	\$ 31,958	\$ 23,160	\$ 21,772	\$ 29
Fund Balance Unreserved	25,521	28,867	32,217	35,742	31,958	23,231	21,743	-
Capital Assets - 1.5 miles	\$ 28,438	\$ 27,688	\$ 26,938	\$ 26,188	\$ 25,438	\$ 24,688	\$ 23,938	-

R-22 identified as Twin Peaks was established by the Board of Supervisors in August 1989 to maintain 2 miles of paved roads in the Twin Peaks community on the western edge of the LAFCO defined Lake Arrowhead community. Changes that have occurred in the boundaries of R-22 are: (1) In 1995 there was an annexation to R-22 which applied the existing service charge of \$100 per parcel and (2) In 2002 there was an annexation of 14 parcels with a special tax of \$217 per parcel for the first year and \$100 each year thereafter. LAFCO staff contacted the Special Districts Department to request clarification on how the special tax and service charge could be segregated in the Zone since there is no statutory provision to have a Zone within a Zone. As of the date of this report, no response has been provided. The special tax and the service charge are identified under “Current Service” for the budget and “Special Assessment” on audit report.

Even with this information LAFCO staff questions the long term sustainability of the Zone based upon the information below which shows that for the last six years expenses have exceeded revenues.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79	\$ 1,483	\$ 1,044
Interest	1,085	1,702	2,000	979	364	149	77	105
Current Services	20,678	20,037	19,641	19,516	20,122	18,747	21,108	20,706
Other		34	77	305	-	(49)	(26)	
Total Revenues	21,763	21,773	21,718	20,800	20,486	18,926	22,642	21,855
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	9,798	4,426	18,468	25,475	16,863	21,124	16,527	21,857
Transfers Out	5,541	6,049	6,227	7,431	7,601	7,991	6,290	4,784
Contingencies								7,619
Operating Transfers Out		7,298						
Total Expenditures	15,339	17,773	24,695	32,906	24,464	29,115	22,817	34,260
Net Change in Fund Balance	6,424	4,000	(2,977)	(12,106)	(3,978)	(10,189)	(175)	(12,405)
Fund Balance, Budget	\$ 37,791	\$ 41,998	\$ 39,021	\$ 26,915	\$ 22,785	\$ 12,512	\$ 12,421	\$ 16
Fund Balance Unreserved	37,998	41,998	39,021	26,915	22,785	12,554	12,405	-
Capital Assets - 2.0 miles	\$ 171,007	\$ 169,745	\$ 161,203	\$ 152,662	\$ 144,122	\$ 135,581	\$ 127,040	

R-35 Cedar Glen was established by the Board of Supervisors in July of 1994 to maintain approximately 745 feet of paved road way in the eastern Lake Arrowhead community. Services provided are for road maintenance and snow removal funded by a \$150 per parcel service charge. Fiscal Year 2012-13 budget identifies 26 parcels within this Zone assessed for service. Based upon the information shown below, it appears that for the future the service charge assessed will need to be substantially increased. Failure to do so would call into question the long-term sustainability of this agency.

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BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109	\$ -	\$ -
Interest	275	342	349	170	125	79	36	47
Current Services	2,398	1,732	2,997	2,267	2,099	2,625	2,174	2,024
Operating Transfers In		3						
Other		16	15	45		(12)	(8)	
Total Revenues	2,673	2,093	3,361	2,482	2,224	2,801	2,202	2,071
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	1,668	617	146	854	618	2,507	1,375	5,752
Transfers Out	2,145	2,934	2,899	1,480	1,551	1,614	1,494	1,361
Contingencies								250
Total Expenditures	3,813	3,551	3,045	2,334	2,169	4,121	2,869	7,363
Net Change in Fund Balance	(1,140)	(1,458)	316	148	55	(1,320)	(667)	(5,292)
Fund Balance, Budget	\$ 8,202	\$ 6,791	\$ 7,107	\$ 7,255	\$ 7,286	\$ 5,935	\$ 5,300	\$ 8
Fund Balance Unreserved	8,249	6,791	7,107	7,255	7,286	5,951	5,292	-
Capital Assets - 0.1 mile	\$ 34,031	\$ 32,590	\$ 31,149	\$ 29,709	\$ 28,268	\$ 26,827	\$ 25,387	

R-40 Upper North Bay, Lake Arrowhead was established by vote of the registered voters in the area to maintain approximately 0.5 miles of the North Bay access road and Cottonwood Drive in the Blue Jay community. Services provided by this Zone are road maintenance and snow removal funded by a special tax of \$500 per parcel. For Fiscal Year 2012-13 the \$500 special tax is applied to 35 parcels within the Zone.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ 544	\$ 544
Interest	436	526	443	463	372	312	181	240
Current Services	17,500	17,847	18,000	16,499	17,322	16,499	19,751	18,500
Operating Transfers In		1,855						
Other		13	22	108		(20)	(26)	
Total Revenues	17,936	20,241	18,465	17,070	17,694	16,931	20,450	19,284
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	2,127	2,211	2,567	4,243	3,416	7,369	3,332	11,562
Other	10,500	10,500	7,320					
Transfers Out	4,164	5,980	6,205	5,592	6,277	7,121	6,570	2,489
Contingencies								47,907
Total Expenditures	16,791	18,691	16,092	9,835	9,693	14,490	9,902	61,958
Net Change in Fund Balance	1,145	1,550	2,373	7,235	8,001	2,441	10,548	(42,674)
Fund Balance, Budget	\$ (16,064)	\$ 5,026	\$ 14,516	\$ 21,751	\$ 29,730	\$ 32,056	\$ 42,721	\$ 47
Fund Balance Unreserved	10,593	12,143	14,516	21,751	29,730	32,099	42,674	-
Capital Assets - 0.5 mile	\$ 207,706	\$ 200,201	\$ 192,697	\$ 185,192	\$ 177,687	\$ 170,182	\$ 162,678	

R-46 South Fairway Drive was established by vote on August 2010 to maintain approximately 0.34 miles of road and provide snow removal in the unincorporated Lake Arrowhead area. A map of CSA 70 R-46, included as part of Attachment #5, identifies that the Zone is composed of three separate areas containing 2 parcels; 11 parcels; and 5 parcels between Fairway and Clubhouse Drive. The services to be provided by the Zone are identified in the budget documents for FY 2012-13 as maintenance of several large

culverts, headwall installations and maintenance, landslide restoration, snow removal and road grading services for a prescriptive right roadway at the back of the parcels between Fairway Drive and Thunderbird Drive. LAFCO staff has requested that the Special Districts Department provide the Court documents perfecting the prescriptive right for file purposes. As of the date of this report, that information has not been received. For clarity, a headwall is defined as a masonry or concrete retaining wall at the outlet of a drain; therefore, LAFCO staff would question the County’s liability for the installation of these facilities on a prescriptive roadway. The service is funded through a special tax, assessed for FY 2012-13 at \$333.13 per parcel.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes						\$ -	\$ 1,337	\$ -
Interest						215	21	217
Current Services						69,164	9,650	5,850
Other						25	(19)	
Total Revenues						69,404	10,989	6,067
EXPENDITURES								
Salaries & Benefits						-	-	-
Services & Supplies							2,173	4,975
Other						-		
Transfers Out							780	4,125
Operating Transfers Out						65,000	5,400	
Contingencies								4,001
Total Expenditures						65,000	8,353	13,101
Net Change in Fund Balance						4,404	2,636	(7,034)
Fund Balance, Budget						\$ 4,404	\$ 7,040	\$ 6
Fund Balance Unreserved						4,404	7,034	-
Capital Assets - 0.7 mile						\$ 8,765	\$ 8,765	

HILLTOP

The two active Zones within the Hilltop community (running Springs/Arrowbear/Green Valley Lake) provide service to approximately 1.8 miles of roads in Running Springs and Green Valley Lake. The following narrative provides a brief description of each Zone within the community along with charts which identify the budgeted and actual expenditures as shown in the County’s adopted Special Districts budgets. LAFCO staff has identified information for CSA 70 R-11 which was dissolved during the Mountain Regional Road Service Review due to insufficient funding; liability questions upon its dissolution were not addressed in the Board Agenda Item taking the dissolution action.

CSA 79 R-1 is located in the Green Valley Lake community generally known as the “Meadow” area to provide road maintenance and snow removal service to Meadow Lane, Lone Pine Lane, Cedar Pines Lane and Cedar Oak Lane which encompasses approximately 0.65 miles, per the FY 2012-13 budget documents. As noted on the map included in Attachment #5, R-1 provides service outside its boundaries to the loop

connection of Cedar Oak Lane and Meadow Lane. In addition, the audit documents prepared for this entity identifies that it provides service to 0.75 miles of road. CSA 79 R-1 was formed in 1993 to provide for paving of ½ mile of road and established an initial charge of \$1,400 per parcel to pay for installation of the road and a following service charge to pay for maintenance. At some point during the past 20 years, a special tax was implemented to provide for ongoing maintenance and snow removal. The 2012-13 special tax is \$98.26 per parcel placed upon 66 upon parcels within the Zone. However, based upon the information shown below, excluding those years when other revenues have been provided, expenses exceed revenues. LAFCO staff questions the long-term sustainability of this Zone without an increase in the special tax.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 379	\$ -	\$ -
Interest	262	173	157	366	132	175	83	196
Current Services	6,932	5,916	22,540	21,083	21,566	22,718	22,145	21,737
Fed/State Aid			10,670					
Other		33	2,119	97	-	30,012	(13)	
Total Revenues	7,194	6,122	35,486	21,546	21,698	53,284	22,215	21,933
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	5,015	7,917	17,310	30,041	22,313	9,835	8,457	16,857
Other						3,600	26,650	
Transfers Out	4,697	4,402	2,974	2,022	2,036	1,803	2,635	2,793
Operating Transfers Out						13,000		
Contingencies								13,845
Total Expenditures	9,712	12,319	20,284	32,063	24,349	28,238	37,742	33,495
Net Change in Fund Balance	(2,518)	(6,197)	15,202	(10,517)	(2,651)	25,046	(15,527)	(11,562)
Fund Balance, Budget	\$ 6,275	\$ 107	\$ 15,309	\$ 4,593	\$ 2,068	\$ 27,038	\$ 11,587	
Fund Balance Unreserved	6,304	107	15,309	4,593	2,068	27,076	11,562	
Capital Assets - .8 mile	not identified	not identified	not identified	\$ 75,713	\$ 72,421	\$ 69,129	\$ 65,838	

R-11 Running Springs Preston area was established by action of the County of San Bernardino Board of Supervisors on July 9, 1984 to provide maintenance and snow removal for 0.75 miles of paved road. The Zone received a \$100 service charge from the 44 parcels of land to fund road maintenance and snow removal services. In 2010-11 a mailed ballot election was conducted to charge a \$500 dollar per parcel special tax to provide for road improvements for the area due to the state of disrepair of the roads. It was anticipated that a loan from the CSA revolving fund would be received in an amount of approximately \$126,518. However, the mailed ballot election held in August 2010, was unsuccessful and the improvement zone was dissolved during FY 2010-11. In the LAFCO staff opinion, the question of liability for the roads remains unresolved. The spreadsheet below shows the last six years of the Zone’s existence.

BUDGET DATA	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Budget
REVENUES								
Taxes		\$ -	\$ -	\$ -	\$ -	\$ -		
Interest	102	116	155	99	22	1		
Current Services	3,526	5,565	6,293	4,347	4,728			
Other		5	5	14		(4)		
Total Revenues	3,628	5,686	6,453	4,460	4,750	(3)		
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-		
Services & Supplies	3,568	2,290	3,765	5,405	3,449	256		
Transfers Out	1,921	2,655	2,936	1,596	1,633			
Total Expenditures	5,489	4,945	6,701	7,001	5,082	256		
Net Change in Fund Balance	(1,861)	741	(248)	(2,541)	(332)	(259)		
Fund Balance, Budget	\$ 2,631	\$ 3,392	\$ 3,144	\$ 603	\$ 259	\$ -		
Fund Balance Unreserved	2,651	2,651	2,651	2,651	2,651	2,651		
Capital Assets - 0.8 mile	not identified	not identified	not identified	not identified	not identified	not identified		

R-16 Running Springs was established in 1984 to maintain slightly less than one mile of road for 17 parcels. In 2001, 8 parcels in the Schoolhouse Road area were annexed to the Zone and a special tax of \$600 per parcel was approved. The services provided are road maintenance and snow removal. As the spreadsheet below identifies the Zone has expended more than the revenues received in five of the last six years reducing the fund balance anticipated to be carried forward into FY 2013-14 to \$1,025. This occurrence prompts the question about the need to reduce service levels for FY 2013-14 to live within this revenue.

BUDGET DATA	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Budget
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153	\$ 87	\$ 87
Interest	300	632	873	634	286	157	105	140
Current Services	12,594	17,320	17,363	16,076	16,730	15,300	15,000	14,099
Other		27	(8,147)	4,473		(24)	(26)	
Total Revenues	12,894	17,979	10,089	21,183	17,016	15,586	15,166	14,326
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	4,211	2,714	4,172	8,586	13,031	10,683	17,109	21,857
Other	4,250	4,250	5,097	403	104			
Transfers Out	1,419	2,052	2,722	3,880	4,648	5,035	4,698	5,399
Contingencies								1,014
Total Expenditures	9,880	9,016	11,991	12,869	17,783	15,718	21,807	28,270
Net Change in Fund Balance	3,014	8,963	(1,902)	8,314	(767)	(132)	(6,641)	(13,944)
Fund Balance, Budget	\$ (9,528)	\$ 2,767	\$ 17,606	\$ 21,590	\$ 20,737	\$ 20,511	\$ 13,965	\$ 21
Fund Balance Unreserved	10,545	19,508	17,606	25,921	20,737	20,558	13,944	
Capital Assets - 1.0 mile	\$ 38,795	\$ 37,502	\$ 36,209	\$ 34,916	\$ 33,623	\$ 32,330	\$ 31,037	

BEAR VALLEY

All the Zones within the Bear Valley community are contained within the east end of the Valley within the existing boundaries of the Big Bear City Community Services District. During the August 2011 review of the Bear Valley community it was identified that LAFCO

staff had reviewed the question with the Big Bear City CSD of assuming the road maintenance and snow removal responsibilities provided by the Zones of CSA 70 administered by the County. The Big Bear City CSD opposed such a service responsibility transfer on the basis of the liability that would have to be assumed by the District and the question of adequate financing for service. The following narrative provides a brief description of each Zone within the community along with charts which identify the budgeted and actual expenditures as shown in the County’s adopted Special Districts budgets.

R-3 Erwin Lake was established by the Board of Supervisors on November 4, 1974 to maintain 9 miles of paved roads. However, the Audit for this agency identifies that the 8 miles of road are maintained. At the time of its formation it was able to apply a tax annually to cover its expenses. However, following passage of Prop 13, the prior tax was converted to a share of the 1% ad valorem tax, which is estimated to be \$54,436 for Fiscal Year 2012-13. The Zone also imposes a service charge of \$12 per parcel on 1,113 parcels identified in the FY 2012-13 budget. However, the revenue estimate included for Fiscal Year 2012-13 is \$19,877 which would represent 1,656 parcels. As shown on the map included as a part of Attachment #5, CSA 70 R-3 and CSA R-45 are connected at the intersection of State Street and G Lane. LAFCO staff raises the question why the territory of R-45 was not annexed to R-3 for service rather than creating a whole new zone for service.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ 45,704	\$ 58,611	\$ 76,678	\$ 65,100	\$ 60,013	\$ 56,032	\$ 52,877	\$ 54,436
Interest	4,232	6,251	9,335	5,555	1,760	556	233	381
Current Services	22,500	21,359	(451)	13,012	12,769	12,952	12,476	19,877
Other		121	(3,791)	1,204		(307)	(69)	
Fed/State Aid	729					746	709	726
Operating Transfers In		278		1,613				
Total Revenues	73,165	86,620	81,771	86,484	74,542	69,979	66,226	75,420
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	12,435	12,155	5,753	45,444	143,417	54,998	35,843	67,950
Transfers Out	11,998	14,488	19,331	22,751	24,842	25,392	26,752	16,893
Capital Expenditures								15,900
Contingencies								24,238
Operating Transfers Out	56,324		5,000	105,000				
Total Expenditures	80,757	26,643	30,084	173,195	168,259	80,390	62,595	124,981
Net Change in Fund Balance	(7,592)	59,977	51,687	(86,711)	(93,717)	(10,411)	3,631	(49,561)
Fund Balance, Budget	\$ 125,283	\$ 186,087	\$ 237,774	\$ 151,063	\$ 56,401	\$ 45,730	\$ 49,622	\$ 61
Fund Balance Unreserved	126,110	186,087	237,774	151,063	56,401	45,860	49,561	-
Capital Assets - 8.0 miles	\$ 393,240	\$ 376,954	\$ 381,409	\$ 464,318	\$ 441,372	\$ 418,426	\$ 395,480	

R-5 Sugarloaf was formed by action of the Board of Supervisors in March 1980 to maintain 20.9 miles of road unpaved roads. Thereafter Assessment District 91-1 was formed to fund the paving of the road system. In 1993, 20.9 miles of road were paved with maintenance to be funded by a special tax. Of note, the Audit prepared for this zone identifies that 23 miles of road are maintained by the District as compared to the 20.9 miles identified in budget


materials. LAFCO staff has identified that R-5 has a significant internal island of territory which contains County maintained roads (see map included in Attachment) which is currently provided snow removal through a contract between the County Public Works Department and County Special Districts Department. The payments for this service are accounted for in the general CSA 70 financial statements. In addition, LAFCO staff is unaware of how this internal exclusion had roads built to County standards while the rest of the District surrounding it does not.

In 2007-08 \$519,816 was received as one-time revenue from disbursement of surplus funds from Assessment District 91-1 along with approval of a new special tax for future maintenance and snow removal. These funds were used for slurry seal and pavement activities within the District. Services of road maintenance and snow removal are funded by the per parcel special tax which includes an optional 2.5% inflationary increase. For Fiscal Year 2012-13 the charge is \$67.90 per parcel. This is one of only two Road zones which utilize a MAC to provide for routine public input into its operations and the only one known to have installed all paved roads within its boundaries.


BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ 53,985	\$ -	\$ -	\$ -	\$ -	\$ 2,466	\$ 3,293	\$ 2,407
Interest	229	694	11,934	18,446	9,820	4,889	2,405	3,227
Current Services		54,782	206,668	213,777	222,432	224,761	230,279	224,806
Operating Transfer In		7,251					11,800	
Other		30	519,816	64,137	21,571	88,754	(515)	
Total Revenues	54,214	62,757	738,418	296,360	253,823	320,870	247,262	230,440
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	28,555	42,387	110,794	154,088	198,891	115,057	138,517	260,892
Other						(10,000)		
Transfers Out	14,778	17,844	26,026	23,686	37,702	38,133	39,988	28,806
Operating Transfers Out				470,732				129,000
Contingencies								340,283
Total Expenditures	43,333	60,231	136,820	648,506	236,593	143,190	178,505	758,981
Net Change in Fund Balance	10,881	2,526	601,598	(352,146)	17,230	177,680	68,757	(528,541)
Fund Balance, Budget	\$ 15,663	\$ 18,195	\$ 619,793	\$ 267,648	\$ 282,733	\$ 458,121	\$ 529,172	\$ 631
Fund Balance Unreserved	15,669	18,195	619,793	267,648	282,733	459,267	528,541	-
Fund Balance, Audit	\$ 15,663	\$ 18,196	\$ 619,793	\$ 267,648	\$ 282,733	\$ 460,413	\$ 529,171	
Capital Assets - 23.0 miles	\$ 3,345,198	\$ 3,231,615	\$ 3,081,639	\$ 2,986,236	\$ 2,850,059	\$ 2,977,740	\$ 2,724,775	

R-12 serves the area identified as “Baldwin Lake” which is located in the southerly portion of what is commonly known as the Baldwin Lake community. The Zone was established in 1984 by action of the Board of Supervisors to provide for road maintenance and snow removal services to 1.62 miles of unpaved road, identified as Ponderosa Ranch Road, High Chaparral Road, Ore Lane , Benito Wilson Road and portion of Baldwin Ranch Road (until its conversion into Spruce Lane) and Raymond Lane. Services are funded by a per parcel service charge which is identified to have an optional 2.5% inflation increase. The Service Charge for FY 2012-13 is \$317.89 and any future increase would need to comply with the provisions of Prop 218.

AGENDA ITEM 7 – MOUNTAIN
ROADS AND SNOW REMOVAL REPORT
April 10, 2013

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes		\$ -	\$ -	\$ -	\$ -	\$ 34	\$ 157	\$ 157
Interest	44	29	1	22	67	96	63	73
Fed/State Aid						606	(606)	
Current Services	2,073	2,198	2,006	9,129	9,507	9,372	10,197	9,640
Other		9	-	1	-	1	(5)	
Total Revenues	2,117	2,236	2,007	9,152	9,574	10,109	9,806	9,870
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	2,271	639	464	4,685	5,623	6,932	3,688	15,357
Other							846	
Transfers Out	1,372	1,697	1,362	557	657	1,019		2,508
Contingencies								7,143
Total Expenditures	3,643	2,336	1,826	5,242	6,280	7,951	4,534	25,008
Net Change in Fund Balance	(1,526)	(100)	181	3,910	3,294	2,158	5,272	(15,138)
Fund Balance, Budget	\$ 419	\$ 319	\$ 501	\$ 4,418	\$ 7,723	\$ 9,840	\$ 15,154	\$ 16
Fund Balance Unreserved	419	319	501	4,418	7,723	9,861	15,138	-
Capital Assets - 1.8 miles	not identified	not identified	not identified	not identified	not identified	not identified	not identified	

R-21 identified as Mountain View was established by action of the Board of Supervisors in 1987 to maintain approximately 1,290 feet of paved roads along Mountain View Blvd, northerly of the Big Bear Airport. The service provided is road maintenance and snow removal funded by a per parcel charge on the tax bill. The FY 2012-13 the charge is \$90 per parcel for 24 parcels.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177	\$ 109	\$ 132
Interest	314	447	485	230	149	93	53	63
Current Services	2,048	2,070	2,084	1,754	2,301	2,250	2,476	2,386
Other	-	11	(1,916)	1,995	-	(12)	(8)	
Total Revenues	2,362	2,528	653	3,979	2,450	2,508	2,630	2,581
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	835	366	1,093	2,654	1,952	1,161	1,140	8,334
Transfers Out	1,068	1,630	1,509	683	734	956	873	2,145
Contingencies								1,777
Total Expenditures	1,903	1,996	2,602	3,337	2,686	2,117	2,013	12,256
Net Change in Fund Balance	459	532	(1,949)	642	(236)	391	617	(9,675)
Fund Balance, Budget	\$ 9,666	\$ 10,257	\$ 8,308	\$ 8,950	\$ 8,677	\$ 9,029	\$ 9,687	\$ 12
Fund Balance Unreserved	9,725	10,257	8,308	8,950	8,677	9,049	9,675	-
Capital Assets - 0.2 mile	\$ 27,419	\$ 26,114	\$ 24,808	\$ 23,502	\$ 22,196	\$ 20,890	\$ 19,584	

R-33 identified as Big Bear City was formed in 1995 to maintain 0.76 miles of paved road on Fairway Blvd., southerly of the Big Bear Airport. However, a review of the map provided identifies that the service is also provided to Dildart Drive, Hillen Dale Drive, Holcomb View Drive, PineView Drive and Kiemer Drive as extensions to Country Club Drive, a county maintained road. The service along Holcomb, Pineview and Kremer appear to be partially

outside the boundaries of the Zone. The services provided are road maintenance and snow removal funded by a per parcel service charge. The FY 2012-13 service charge of \$100 per parcel is placed on 97 parcels through their property tax bill.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 522	\$ 29	\$ 144
Interest	1,597	2,592	2,286	547	521	381	222	296
Current Services	9,132	9,743	12,055	9,567	9,418	10,302	8,797	8,847
Other		45	104	346	-	(41)	(30)	
Operating Transfer In		11,451		16,410	-			
Total Revenues	10,729	23,831	14,445	26,870	9,939	11,164	9,018	9,287
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	1,297	1,366	1,013	4,939	4,808	1,315	1,439	9,557
Transfers Out	3,516	4,653	3,871	3,504	3,578	3,501	3,195	2,062
Operating Transfer Out			61,830					
Contingencies								45,053
Total Expenditures	4,813	6,019	66,714	8,443	8,386	4,816	4,634	56,672
Net Change in Fund Balance	5,916	17,812	(52,269)	18,427	1,553	6,348	4,384	(47,385)
Fund Balance, Budget	\$ 51,141	\$ 69,259	\$ 16,990	\$ 35,418	\$ 36,710	\$ 42,880	\$ 47,443	\$ 58
Fund Balance Unreserved	51,447	69,259	16,990	35,418	36,710	42,969	47,385	-
Capital Assets - 0.8 mile	\$ 132,155	\$ 126,957	\$ 126,397	\$ 164,178	\$ 151,043	\$ 133,941	\$ 116,839	

R-34 identified as “Big Bear” was established by the Board of Supervisors in 1994 to maintain approximately 1,026 feet of paved road on the alley of Pluma Court road maintenance and snow removal. Services are funded by a per parcel service charge for FY 2012-13 set at \$100 per parcel for 26 parcels. Any increase in the service charge would require completion of the processes outlined in Prop 218 for protest.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes		\$ -	\$ -	\$ -	\$ -	\$ -		
Interest	343	461	509	215	167	103	57	69
Current Services	2,752	2,500	2,719	2,674	2,600	2,600	2,600	2,600
Other		422	20	29	-	(14)	(10)	
Total Revenues	3,095	3,383	3,248	2,918	2,767	2,689	2,647	2,669
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	1,655	134	3,147	1,538	2,064	1,534	1,118	8,957
Transfers Out	1,424	2,199	1,805	740	869	945	918	1,384
Contingencies								2,582
Total Expenditures	3,079	2,333	4,952	2,278	2,933	2,479	2,036	12,923
Net Change in Fund Balance	16	1,050	(1,704)	640	(166)	210	611	(10,254)
Fund Balance, Budget	\$ 9,997	\$ 10,704	\$ 9,000	\$ 9,640	\$ 9,445	\$ 9,610	\$ 10,267	\$ 13
Fund Balance Unreserved	9,654	10,704	9,000	9,640	9,445	9,633	10,254	-
Capital Assets - 0.2 mile	\$ 31,129	\$ 29,931	\$ 28,734	\$ 27,537	\$ 26,340	\$ 25,143	\$ 23,946	

R-36 identified as Pan Springs was established by the Board of Supervisors in 1994 to serve less than one mile of unpaved road for road maintenance and snow removal near the Big Bear Airport, generally westerly of Paradise Way and southerly of North Shore Drive. Service is funded by a per parcel service charge of \$100 for 97 parcels.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes		\$ -	\$ -	\$ -	\$ -	\$ 33	\$ 184	
Interest	3,722	5,435	6,307	2,594	367	261	112	201
Current Services	9,328	8,592	10,562	9,945	8,991	8,699	8,448	8,198
Other		119	244	532	-	(31)	(20)	
Total Revenues	13,050	14,146	17,113	13,071	9,358	8,962	8,724	8,399
EXPENDITURES								
Salaries & Benefits	-	-	-	-	-	-	-	-
Services & Supplies	1,882	2,539	2,259	7,307	4,977	1,233	1,583	11,857
Transfers Out	1,734	2,710	2,616	3,706	4,049	3,941	3,164	1,698
Contingencies		-	-	113,000	-	-	-	28,107
Total Expenditures	3,616	5,249	4,875	124,013	9,026	5,174	4,747	41,662
Net Change in Fund Balance	9,434	8,897	12,238	(110,942)	332	3,788	3,977	(33,263)
Fund Balance, Budget	\$ 114,857	\$ 124,471	\$ 136,709	\$ 25,768	\$ 25,537	\$ 29,205	\$ 33,303	\$ 40
Fund Balance Unreserved	115,574	124,471	136,709	25,768	25,537	29,265	33,263	-
Capital Assets - 1.0 mile	\$ 136,540	\$ 131,483	\$ 126,426	\$ 233,776	\$ 209,984	\$ 176,825	\$ 143,666	

R-45 Erwin Lake was established by Board of Supervisor approval on August 18, 2009 to maintain approximately 0.72 miles of dirt road in Erwin Lake, a small community in the east end of the Big Bear Valley. The services performed are road maintenance (grading) and snow removal services funded through a service charge to each parcel. The 2012-13 parcel count is 58 parcels charged at \$160 per parcel. Increases to service charges would be subject to the provisions of Prop 218. The Audit prepared for this agency and the formation documents show a slightly different mileage for roads maintain; while maps received for this review do not identify any roads for service.

BUDGET DATA	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget
REVENUES								
Taxes					\$ -	\$ 54	\$ 59	\$ 59
Interest					128	114	57	82
Current Services					30,239	8,939	9,175	9,172
Other						(5)	(15)	
Total Revenues					30,367	9,102	9,276	9,313
EXPENDITURES								
Salaries & Benefits					-	-	-	-
Services & Supplies					18,180	10,000	3,705	12,673
Transfers Out						2,901	3,472	2,355
Contingencies								4,792
Total Expenditures					18,180	12,901	7,177	19,820
Net Change in Fund Balance					12,187	(3,799)	2,099	(10,507)
Fund Balance, Budget					\$ 12,187	\$ 8,420	\$ 10,519	\$ 12
Fund Balance Unreserved					12,187	8,420	10,507	-
Capital Assets - 0.8 mile					not identified	not identified	not identified	

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. When needed, equipment owned in the name of CSA 70 and CSA 18 is used for road maintenance or snow removal in other service areas.

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

Local Government Structure and Community Service Needs

County Service Areas are governed by the County Board of Supervisors and administered by the County Special Districts Department. CSA 18, 59, 68 and 69 are within the political boundaries of the Second Supervisorial District, and CSA 53 is within the Third District. Budgets are prepared as a part of the County Special Districts Department's annual budgeting process and 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 board-governed special district services under County Service Area 70. Therefore, these agencies have no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it and pays a proportional share of the cost for the administrative functions of the County Special Districts Department. One regional manager and one assistant regional manager oversee all the road districts and the services of road maintenance and snow removal.

Beginning in January 2010, the County Special Districts Department and the County Public Works Department have contracted to have the CSAs and Zones within the mountain communities provide snow removal service to county-maintained roads as a cost savings measure, copy of current agreements included as Attachment #6 to this report. The areas in which this contractual arrangement exists are shown on the maps for the CSAs and Zones included as a part of Attachment #5. As noted in the financial discussion, it appears that the funds for this contract are deposited into CSA 70. LAFCO staff cannot discern an operating transfer in for the entities providing the service. One question has been that the contracts identified had a termination date of June 30, 2012 and LAFCO staff could find no extension or amendment to allow for service during the FY 2012-13 Fiscal Year. The excerpt for CSA 70 R-5 Sugarloaf, shows the contracted area (the purple hatching) and the R-5 service area (solid purple line):



Currently, County Special Districts and the Department of Public Works are negotiating a new cooperative agreement to address all county service areas and zones that provide road service throughout the unincorporated County area. The draft agreement reviewed by LAFCO staff includes services review in this report, road maintenance, snow removal, culvert repair, and others, but also includes items such as brush removal, trail maintenance etc. The draft identified a not to exceed contractual amount of \$300,000 to either side of the service provision. It is the opinion of LAFCO staff that its recommendation of two county service areas in the mountains would assist the cooperative arrangement currently under discussion and anticipated to be brought before the Board of Supervisors in the near future.

Government Code Section 26909 allows a special district to conduct a biennial audit, conduct an audit covering a five-year period, or replace the annual audit with a financial review if certain conditions are met. These board-governed agencies meet the conditions for one if not all of the above. Therefore, the agencies have the potential to realize cost savings should they choose to undertake the necessary steps outlined in state law. This possibility would need to be discussed and decided between the County leadership, Special Districts Department, the County Auditor and the landowners and voters within the agencies to maintain transparency.

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 is not applicable in this review;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc. are outlined below.

Government Structure 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 these road agencies. However, as outlined in the beginning of this report, LAFCO staff believes that there are options to streamline and provide for greater transparency of operations. These are identified as:

- Expansion of boundaries to serve adjacent territory. Should an area adjacent to these agencies require road service, one option would be to expand the boundaries. Theoretically, the agencies could receive a share of the general levy from a potential annexed area; however, existing County policy related to annexations does not provide for a transfer of a share of the general levy to annexing county service areas. Outside of a general levy transfer, any additional special tax or charge would be subject to a Prop 218 election.
- Consolidation with the other road districts within the unincorporated area of the Mountain region. Special Districts Department has indicated in the past a desire to consolidate the road districts in the South Desert region of the County. According to Special Districts Department management, they discussed this possibility with management at the County Administrative Office and County Auditor. The indication received was a regional road entity in the South Desert was not feasible and that maintenance of separate zones was appropriate.

As outlined in the opening discussion of this report, County Special Districts Department was requested to provide its response to the option of creating a single road district for the Mountaintop. At the December hearing the Department's response was that Special Districts Department staff has looked at this issue in the past. The response reasons that each county service area or zone provides a different level of service based on the desire of the property owners and have different per parcel charges or taxes; therefore should not be consolidated. Their position was that in order to comply with this request, Special Districts would need to conduct elections within all the county service areas and zones so there would be a consistent per parcel tax or charge throughout. The elections and cost to form the new county service area would be cost prohibitive to the county service areas and zones as well. This position was reiterated in November 2012.

During the follow-up discussion with the Department, the equalizing of charges was not a part of the LAFCO recommendation. However, as outlined in the opening narrative, it is LAFCO staff's position that the different services and revenue mechanisms would remain within the respective zone boundaries. The change in structure would be service provision through CSA 68 and 53 and zones of the respective CSAs rather than zones of CSA 70. In essence, road services would be removed from CSA 70 in the mountain region.

LAFCO staff believes that this remains a viable option for the Mountain region. In the Mountains, the levels of service are generally the same – road

maintenance and snow removal. Therefore, economies of scale can be achieved by having a regional agency coordinate road maintenance and snow removal.

- Assumption of road responsibility by Lake Arrowhead Community Services District or Big Bear City Community Service District. Lake Arrowhead CSD overlays CSA 59 and CSA 69 and is a multi-function, independent, district with the statutory authority to provide road services (although activation of that function and service is subject to LAFCO authorization). In this scenario, Lake Arrowhead CSD would assume responsibility for providing the service within its boundaries along with a transfer of the property tax share and service charges of CSA 59 and CSA 69.

LACSD was requested to provide its response to this option. This option was discussed by the LACSD board at its September 14, 2011 meeting and was met with much amusement. Their written response to LAFCO states that the directors considered the request and determined that because the street lighting and road maintenance district were so small, it would not be economical for LACSD to attempt to operate the districts. The same request was made of the Big Bear City CSD which opposed such a change on the basis of the potential liability questions.

However, LAFCO staff returns to the Legislature's intent in LAFCO Law and Community Services District Law that a single multi-function agency is the best mechanism to coordinate and provide service within a community. It is evident that the current situation results in multiple governing bodies, administration, overhead, and financial reporting. As a means of addressing the community of Lake Arrowhead or Big Bear City, it is the staff's position that an elected body representing the community at large would be best able to assess service needs and as well as provide for economies of contracting for service.

- Maintenance of the status quo. At the present time, no other public agencies have expressed desire to provide this service. 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 road CSA to provide for a more efficient and effective operation. However, as noted above, the Special District Department staff, while supporting the concept, does not support for moving forward with this type of reorganization.

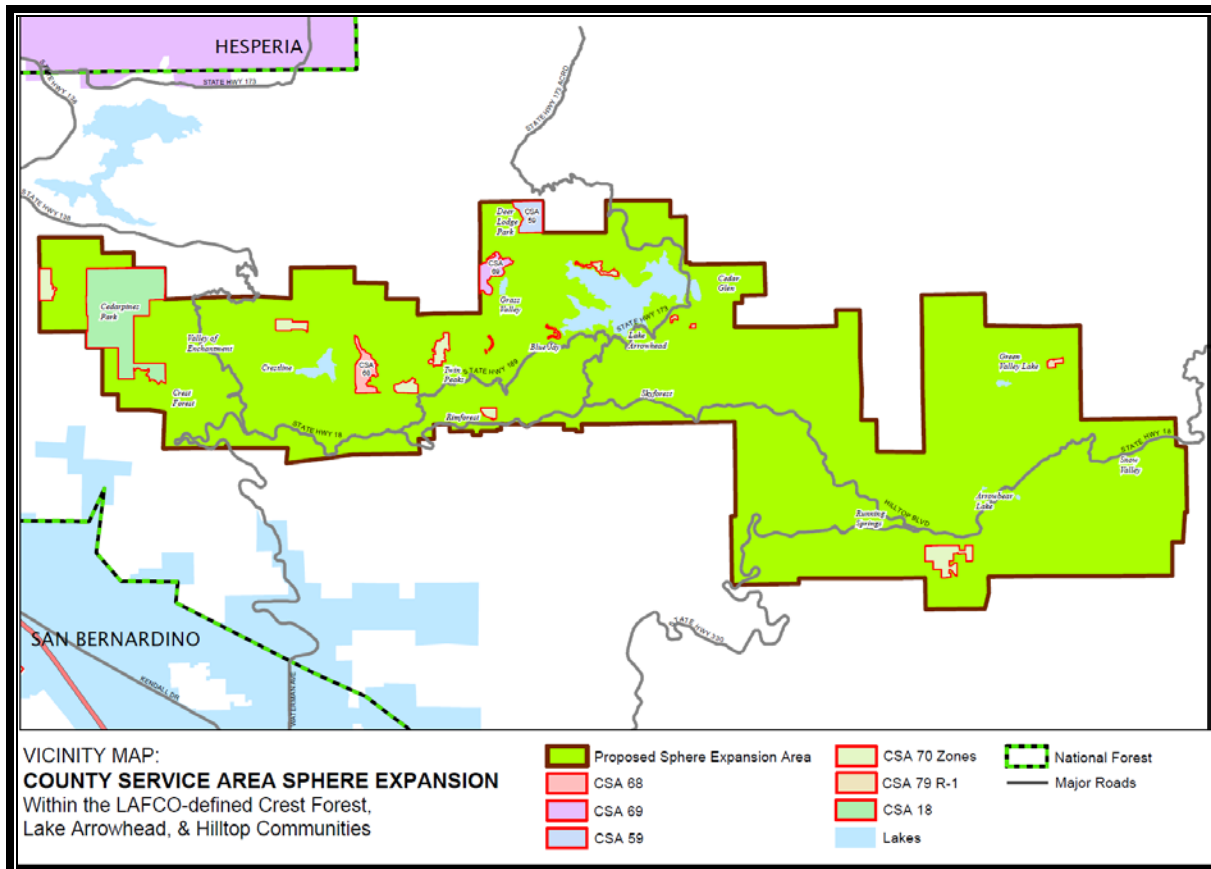
SPHERE OF INFLUENCE UPDATES

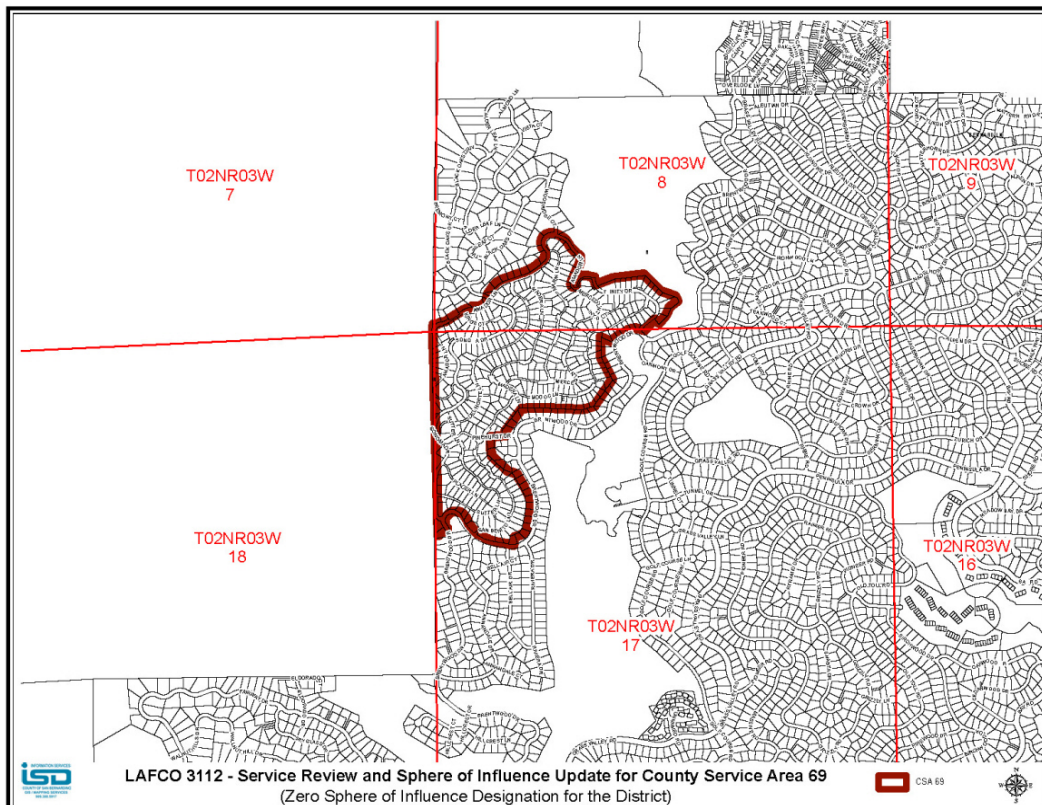
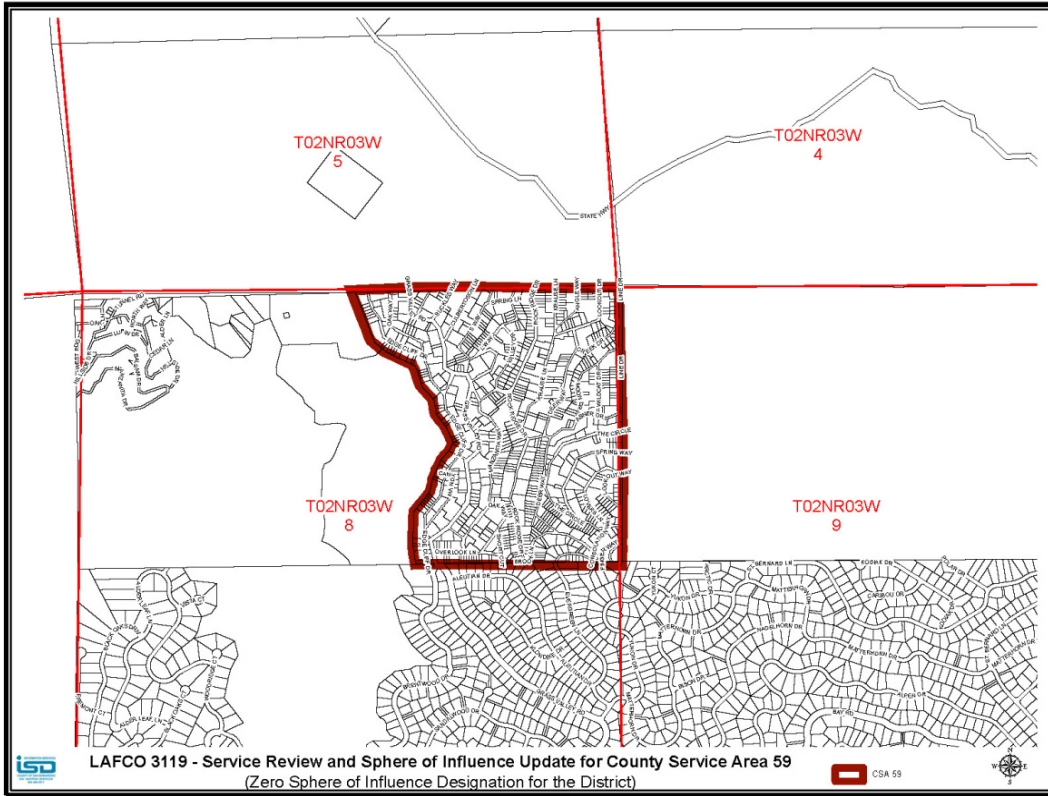
Sphere of Influence

The spheres of influence designated for CSA 59, 68 and 69 by the Commission have been coterminous with their boundaries since their establishment in 1972. As discussed in the opening section of this report, staff recommends that the Commission:

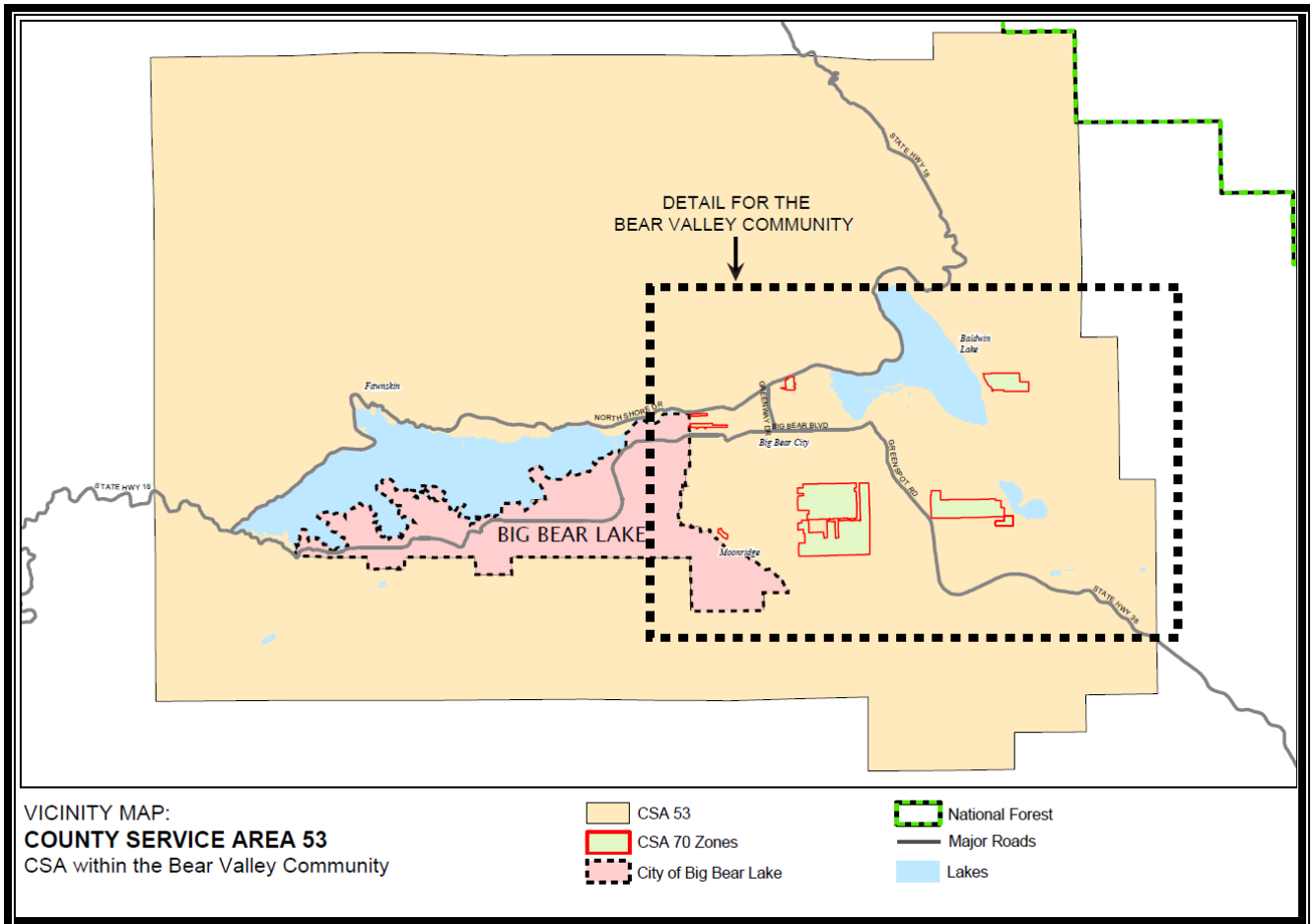
- a. For CSA 68 indicate its intent to expand the sphere of influence of CSA 68 to encompass the entirety of the Mountain region (Communities of Crest Forest, Lake Arrowhead, and Hilltop (Running Springs/Arrowbear Park/Green Valley Lake) as defined by the Commission.
- b. For CSA 59 indicate its intent to a designate a zero sphere of influence, thereby signaling the Commission’s desire for a future change of organization.
- c. For CSA 69, designate a zero sphere of influence, thereby signaling the Commission’s desire for a future change of organization.

A map showing staff’s recommendation is shown below and is included in Attachment #1.

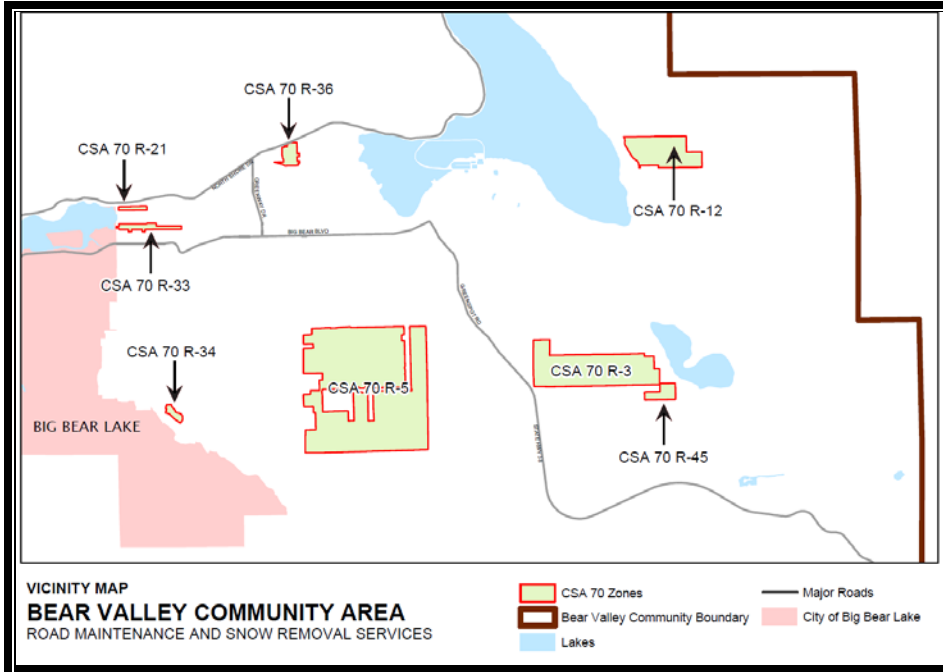




Note that the sphere of influence for CSA 53 for the Bear Valley community can address the future needs for road maintenance and snow removal and no further consideration of this entity is required. The service review and sphere of influence update was conducted for this agency in August 2011 and assigned as follows:



Detail Map:



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 59, 68 and CSA 69 provides road maintenance and snow removal. LAFCO and Special Districts Department staffs recommend that the Commission modify the service descriptions as follows: (changes identified in underline and strikeout). In addition, at the time of the Bear Valley community consideration for CSA 53 the active road function was not corrected to reflect the accurate description of this type of service. LAFCO staff is recommending that this oversight be addressed at this time:

<i>District</i>	<i>Function</i>	<i>Service</i>
CSA 68	Roads	Road Maintenance <u>as defined in Government Code Section 25213(i) which includes snow removal</u>

CSA 69	Roads	Road <u>Maintenance as defined in Government Code Section 25213(i) which includes snow removal</u>
CSA 59	Roads	Road <u>Maintenance as defined in Government Code Section 25213(i) which includes snow removal</u>
CSA 53	Roads	Road <u>Maintenance as defined in Government Code Section 25213(i) which includes snow removal</u>

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:

Present and Planned Uses

Development in the San Bernardino Mountains is naturally constrained by rugged terrain, public land ownership, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development. Maximum build-out potential is constrained substantially by the slope-density standards and fuel modification requirements of the County General Plan Fire Safety Overlay.

Present and Probable Need for Public Facilities and Services

Each agency currently provides road maintenance and snow removal within its boundaries. Currently, CSA 68 meets the snow removal needs of those within its boundaries but has challenges with funding proper road maintenance. Currently, CSA 59 and 69 meets the service needs for road maintenance and snow removal of those within its boundaries. The future need for roads will increase with population growth, as additional development may require such service.

Present Capacity of Public Facilities and Adequacy of Public Services

CSA 59 provides road maintenance and snow removal within its boundaries and adequately serves the area for snow removal following approval of a special tax; CSA 69 provides road maintenance and snow removal within its boundaries and adequately serves the area. CSA 68 is currently experiencing the need for road repairs to replace culverts and repair sinkholes within the district. Revenues are not adequate to support this activity, but an election for a special tax to fund these new services or the alternative would be dissolution of the agency. CSA 53 does not directly provide road maintenance service at this time but has the active function to provide it.

Social and Economic Communities of Interest

The social community of interest for the mountain region is generally represented by the Rim of the World Unified School District for the western mountain area and the Bear Valley Unified School District for the Bear Valley community. However, the economic community of interest for the services of road maintenance and snow removal would be the entirety of the Mountain region (Communities of Crest Forest, Lake Arrowhead, Hilltop (Running Springs/Arrowbear Park/Green Valley Lake), and Bear Valley), as defined by the Commission.

ADDITIONAL DETERMINATIONS

1. The Commission's Environmental Consultant, Tom Dodson and Associates, has determined the options outlined in this report for the various agencies are statutorily exempt from environmental review. Mr. Dodson's updated response for each of the reviews and actions is included as Attachment #6 to this report.
2. As required by State Law notice of the hearing was provided through publication in newspapers of general circulation, *The San Bernardino Sun*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As required by Commission Policy, 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.

CONCLUSION FOR CSA 59, CSA 68, AND CSA 69

Based upon the information outlined in this report, staff believes that the Mountain region represents unique service needs for road maintenance and snow removal and would be most beneficially served through administration under a set of service providers that address the Rim of the World communities (Crest Forest, Lake Arrowhead and Hilltop [Running Springs, Arrowbear, Green Valley Lake]) and Bear Valley. Of the options available, staff believes that the expansion of CSA 68 to address the Rim of the World Region and confirmation that CSA 53 addresses the Bear Valley region for road maintenance and snow removal needs is the best option, but there are others. County Special Districts staff has requested that the status quo be maintained.

The staff recommends that the Commission take the option to assign a single sphere of influence as the planning tool to address road maintenance and snow removal within the Rim of the World area and Big Bear Community separately. The actions necessary are:

1. For environmental review adopt the Statutory Exemptions that have been recommended for each of the proposals, and direct the Executive Officer to file the Notices of Exemption within five (5) days of the action;
2. For CSA 68
 - a. Indicate its intent to expand the sphere of influence of CSA 68 to encompass the entirety of the Mountain region (Communities of Crest Forest, Lake Arrowhead, and Hilltop (Running Springs/Arrowbear Park/Green Valley Lake), as defined by the Commission.
 - b. Continue adoption of the resolution for the County Service Area 68 service review and sphere of influence update (LAFCO 3121) to the May 15, 2013 Commission hearing.
3. For CSA 59
 - a. Indicate its intent to a designate a zero sphere of influence, thereby signaling the Commission's desire for a future change of organization and
 - b. Continue adoption of the resolution for the CSA 59 service review and sphere of influence update (LAFCO 3119) to the May 15, 2013 Commission hearing.
4. For CSA 69
 - a. Indicate its intent to a designate a zero sphere of influence, thereby signaling the Commission's desire for a future change of organization.
 - b. Continue adoption of the resolution for the CSA 69 service review and sphere of influence update (LAFCO 3119) to the May 15, 2013 Commission hearing.
5. Approve the recommended updates to the services authorized for each County Service Area related to road maintenance, CSA 53, CSA 59, CSA 68 and CSA 69.

Or the Commission can accept the request of the Special Districts Department, as conveyed in their response dated November 16, 2012, that "the LAFCO recommendation does not benefit the districts or the people they serve" so the status quo should be retained. Approval of that option would require that the Commission:

1. For environmental review adopt the Statutory Exemption that has been recommended for each of the proposals, and direct the Executive Officer to file a Notice of Exemption within five (5) days of the action;
2. Approve the assignment of a coterminous sphere of influence to CSA 59, CSA 68 and CSA 69;

3. Approve the recommended updates to the services authorized for each County Service Area related to road maintenance, CSA 53, CSA 59, CSA 68 and CSA 69; and,
4. Continue the adoption of the resolutions reflecting these changes to the May 15, 2013 hearing.

/krm

Attachments:

1. [Maps of Mountain Region: Community Definitions and Staff Recommendation for Change](#)
2. Staff Reports from Prior Hearings on the Regional Road Report Dated:
 - a. [November 30, 2010 With Excerpt from Minutes from December 8, 2010 hearing](#)
 - b. [March 7, 2011](#)
 - c. [June 6, 2011](#)
 - d. [September 19, 2011](#)
 - e. [February 7, 2012](#)
3. [Letter from LAFCO Legal Counsel Dated February 9, 2011 Regarding Liability and AB 774 \(Donnelly\) As Amended](#)
4. [Special Districts Department Responses Dated November 16, 2012 and March 3, 2011](#)
5. Maps of Each Community and Zones within, Financial Information Data, and Snow Removal Schedule Dated 2010 for:
 - a. [Crest Forest Community](#)
 - b. [Lake Arrowhead Community](#)
 - c. [Hilltop Community](#)
 - d. [Bear Valley Community](#)
6. [County Board of Supervisors Agenda Item Dated January 12, 2010 for Cooperative Agreement Between County Special Districts Department and County Transportation Department and Agenda Item Dated December 14, 2010 Amending Agreement](#)
7. [Response from Commission Environmental Consultant for CSA 59, 68 and 69](#)