

LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO

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DATE: OCTOBER 7, 2008

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

SUBJECT: Agenda Item # 10: Municipal Service Reviews and Sphere of Influence
Updates for the Agencies within the Barstow Community

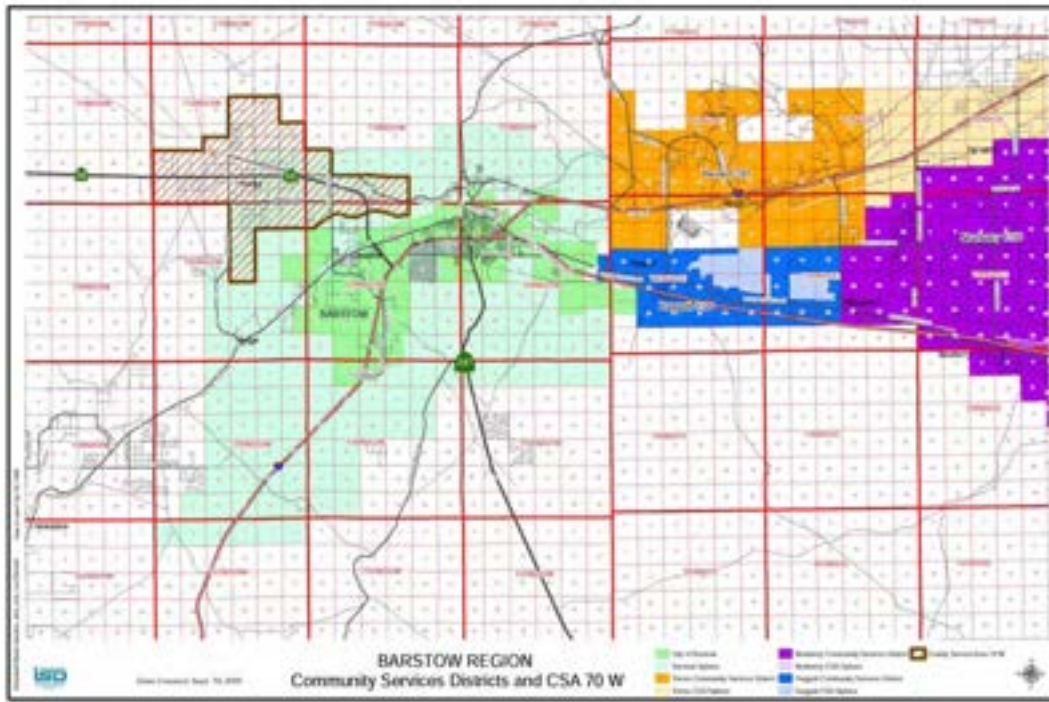
INITIATED BY:

San Bernardino Local Agency Formation Commission

INTRODUCTION:

San Bernardino LAFCO has chosen to undertake its Municipal Service Reviews on a regional basis, further refined by its community-by-community approach to sphere of influence identification. This report contains the municipal service reviews and sphere of influence updates for the public agencies within the overall Barstow Community and includes municipal service reviews for three improvement zones of County Service Area 70.

LAFCO has defined the Barstow community as the sphere of influence of the City of Barstow. Below is a map illustrating the City of Barstow sphere of influence in a regional context, a copy of which is also included in Attachment #1.



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

- City of Barstow
- Odessa Water District (subsidiary district of the City)
- Barstow Fire Protection District
- Barstow Cemetery District
- Barstow Heights Community Services District
- County Service Area SL-1 (streetlights)
- County Service Area 40 (television)
- County Service Area 70 Improvement Zone S-7 (sewer)
- County Service Area 70 Improvement Zone W (park and recreation)
- County Service Area 70 Improvement Zone R-42 (roads)

Regional service providers include the Mojave Water Agency, the San Bernardino County Fire Protection District and its North Desert Service Zone, the Mojave Desert Resource Conservation District, County Service Area 70 (unincorporated County-wide), and the San Bernardino County Flood Control District.

COMMUNITY HISTORY:

The following provides a historical perspective of the community from information gathered from the City of Barstow's website, LAFCO files, Wikipedia, and Encyclopedia Britannica¹, unless otherwise cited.

The community arose at the junction of pioneer trails which comprised the "Mormon Corridor". The community was founded in 1880 during a silver-mining rush and was first called Fishpond and then Waterman Junction. Because of the mining activities in Calico and Daggett, in 1883 the railroads constructed a line from Mojave, California through Barstow to Needles, California. In 1884, by way of a compromise, ownership of the line from Needles to Mojave was transferred to the Santa Fe Railroad. In 1886 the first post office was established and the community was renamed in honor of William Barstow Strong, then president of the Santa Fe Railroad. Mining declined, but Barstow endured as a railroad town (diesel repair shops) and tourist spot. In 1911, the Harvey House was built to provide food and lodging for travelers and quickly became a gathering spot for the locals. Old National Trails Highway became part of the legendary Route 66 in 1926. This inclusion pushed Barstow into becoming an automobile transportation hub in addition to a rail hub.

Growth was stimulated in the 1940s by the establishment nearby of a large U.S. Marine Corps supply depot and the Fort Irwin armor and desert training center. In 1947 incorporation of the community was approved by the electorate by a vote of 620 to 540. In 1958 the Goldstone Tracking Station (now called the Gladstone Deep Space Communications Complex), used to communicate with spacecraft and satellites, was established in the community. Unfortunately, Route 66 was replaced by Interstate 40. However, it is estimated that today over 55 million vehicles pass through Barstow on Interstates 15 and 40 and State Highway 58.

The historical, social, and economic center of the community is the City of Barstow. The community is located 70 miles north of San Bernardino and 157 miles southwest of Las Vegas. The community historically has been and still is a transportation junction. Today, Interstates 15 and 40 and State Highway 58 converge in Barstow and the BNSF railroad has one of the largest rail classification yards in the country located in Barstow continuing its status as a transportation hub.

A chronology of the major governmental events in the history of the community is as follows:

- 1926 The Barstow Fire Protection District is formed. Recognizing the need for organized fire service in the community, the County Board of Supervisors approved the formation of the District. Fire District status meant that Barstow residents could get fire insurance for the buildings along the new Main Street. At the time, the District encompassed four square miles.

¹ "Barstow." [Encyclopedia Britannica](#). 2008. Encyclopedia Britannica Online. 15 September 2008.

- 1947 The Barstow Park and Recreation District is formed and the Board of Directors was established as the County Board of Supervisors. The County provided for the administration and operation of the District.
- The City of Barstow is incorporated by a vote of 620 to 540.
- The Barstow Cemetery District is formed as a self-governed entity.
- 1957 The Barstow Heights Community Services District is formed by resolution of the County of San Bernardino Board of Supervisors to provide water, sewage and storm water disposal, garbage disposal, fire protection, park and recreation, streetlighting, mosquito abatement, and police services. However, the District did not perform all of the authorized services.
- 1959 The Barstow Fire Protection District's boundaries were expanded in 1959 to include portions of the Lenwood area when the residents of the area requested inclusion into the District.²
- 1965-69 In 1965, the County Board of Supervisors and the electorate approved the formation of County Service Area 40 to provide television translator signals for the area generally defined as Daggett, Yermo, and Newberry. Litigation against the formation was filed by John R. Beyers and heard in 1968.
- In July 1968, the California Court of Appeals, Fourth Appellate District, held that a board of supervisors lacked statutory authority to establish a county service area for the purpose of acquiring, maintaining and operating a television translator station.³ The Court Order dissolves CSA 40.
- In 1969, SB 231 (Cologne) added section 25210.4, subdivision (f) to the California Government Code, County Service Area Law, expressly authorizing establishment of a county service area to provide television translator stations as an extended service. In 1972 these provisions were moved to Section 25210.4(b) with the indication that there were available to counties of the 46th and 56th class. In essence, this new extended miscellaneous service was made available to San Bernardino County. An application was filed to form County Service Area 40 (LAFCO 792) and the County Board of Supervisors approves the formation and completes the filings in September 1969.
- 1972 LAFCO 1270 - Sphere of influence established for County Service Area 40 coterminous with its boundaries.
- 1973 LAFCO 1292 – Sphere of influence established for the City of Barstow.

² Various, Once Upon a Desert. Mojave River Valley Museum Association, Barstow, CA, 1994; Patricia Keeling, Editor.

³ Byers v. Board of Supervisors, 262 Cal.App.2d 148, 68 Cal.Rptr. 549.

LAFCO 1313 - Sphere of influence established for Barstow Fire Protection District.

LAFCO 1314 – Sphere of influence established for Barstow Park and Recreation District.

LAFCO 1315 - Sphere of influence established for Barstow Cemetery District.

LAFCO 1316 - Sphere of influence established for Barstow Heights Community Services District.

1990 An effort to adjudicate the Mojave River Basin was initiated by the City of Barstow in 1990 through court action.⁴ The City of Barstow was not a water retailer and was served water from the Southern California Water Company (now known as the Golden State Water Company). The basis for Barstow's complaint was that a large development project approved by the City of Hesperia would adversely affect the downstream water that Barstow receives. Further, the complaint requested guaranteed water from those users upstream. The Mojave Water Agency (MWA) in 1991 filed a cross-complaint to have all the major water suppliers in the Mojave River Basin included in the adjudication. Joining MWA in supporting a groundwater allocation system were agricultural, industrial, and municipal water users in the basin. Final Judgment was entered on January 10, 1996 by the Riverside Superior Court adopting the physical solution set forth in the Stipulated Judgment. The adjudication was appealed and the California Supreme Court upheld the decision but stipulated that the adjudication did not fully apply to the Cardozo Group (an agricultural entity). In 2002 a settlement agreement was reached with the Cardozo Group, which allowed for full implementation of the adjudication.

The physical solution to the adjudication established a production right based on historical pumping before the case filing, reduced the established right by 20% over five years with additional reductions if necessary, and allows MWA to establish a replenishment assessment for excess pumping. The assessments are used to purchase State Water Project water to replenish the groundwater basin.⁵ The adjudication applies to water users that pumped 10-acre feet or more per year between 1986 and 1990. Currently, it applies to approximately 470 water users in the Mojave River Basin.

1991 Special legislation was introduced by State Senator Rogers (SB 1086) to provide for a mechanism to form the Odessa Water District. The Legislature declared that the special act to form the District was necessary because of, "the unique and special water undersupply problems in the area included within the district." The District's enabling statute states that the purpose of the District is to develop, store, and distribute water to distributors and domestic purveyors in the district for all beneficial purposes in cooperation

⁴ City of Barstow et al. v. City of Adelanto et. al., Superior Court Case No. 208568, Riverside County, CA (1990).

⁵ Littleworth, Arthur, L. and Eric L.Garner, California Water II, 2nd Edition, Solano Press, 2007, pg. 181.

with the Mojave Water Agency (the State Water Project contractor in the region) and defined that the District's service area to be the City of Barstow with the potential for inclusion of other areas. Further, the District's purpose is not to be the primary water supplier, rather it was to augment the existing water supply for distribution within the district.

- 1993 LAFCO 2734 – The Odessa Water District is formed following LAFCO and electorate approval. LAFCO 2735 established the sphere of influence of the District (coterminous with that of the City of Barstow) at the same time.
- 1996-97 LAFCO 2809 – LAFCO considered a sphere of influence proposal from the City of Barstow encompassing 88.9 square miles in order to accommodate a potential development project as well as additional territory. LAFCO staff expressed concern over the inclusion of substantial amounts of Bureau of Land Management lands within the sphere of the City. The LAFCO Commission approved the sphere expansion and requested LAFCO staff to return in one year so that the Commission could be apprised of the land use and service planning activities that had been undertaken for the area. City staff at that time assured that the project would go forward given the availability of water, and the Commission took no further action.
- 1999 The Barstow Park and Recreation District is reorganized and became an independent special district with the board of directors appointed by the Barstow City Council and County Board of Supervisors. It was felt that an independent body with strong ties to the City and community could address the long-term funding questions that the District was experiencing.
- 2001 Reorganization to the City of Barstow and related districts to include the Marine Corps Logistics Base/Nebo (LAFCO 2880). The purpose of the annexation was to increase the City's population through inclusion of military personnel residing in on-base housing, which increased the revenues distributed to the City through various subventions, particularly Motor Vehicle in Lieu revenues, while not incurring service obligations on the military base.
- 2004 Barstow Park and Recreation District is dissolved (LAFCO 2950). The governing bodies of the City of Barstow and the Barstow Park and Recreation District jointly initiated a proposal in 2003 to dissolve the Park and Recreation District and assign the City of Barstow as the successor entity to alleviate problems associated with the dwindling resources of the district. The City was conditioned to provide the current level and range of service provided by the District to those areas outside the corporate boundaries of the City, but within the former District's boundaries.

In 1994, AB 1335 gave LAFCO the authority to initiate reorganizations of special districts. In response to this new legislative authority, San Bernardino LAFCO drafted a list of 30 potential reorganizations that were possible under these provisions. Those that pertain to the Barstow community were:

- Dissolve the Barstow Cemetery District, Barstow Fire Protection District, and Barstow Park and Recreation District naming the City of Barstow as successor agency. (In 2004, the Barstow Park and Recreation District was dissolved with the City of Barstow as the successor agency.)
- Dissolve the Barstow Heights Community Services District through a reorganization involving annexation to the City of Barstow.

Issues that require resolution by the Commission as a part of these Municipal Service Reviews and Sphere of Influence Updates include:

1. Review and affirm the determination of the Barstow Community in compliance with Commission policies for spheres of influence.
2. Determination of the appropriate sphere of influence designation for the Barstow Heights Community Services District (park and recreation)
3. Determination of the appropriate sphere of influence designation for County Service Area 40 (Elephant Mountain – Television Translation)
4. Determination of the sphere of influence for the agency providing cemetery services within the community (Barstow Cemetery District).

BARSTOW COMMUNITY

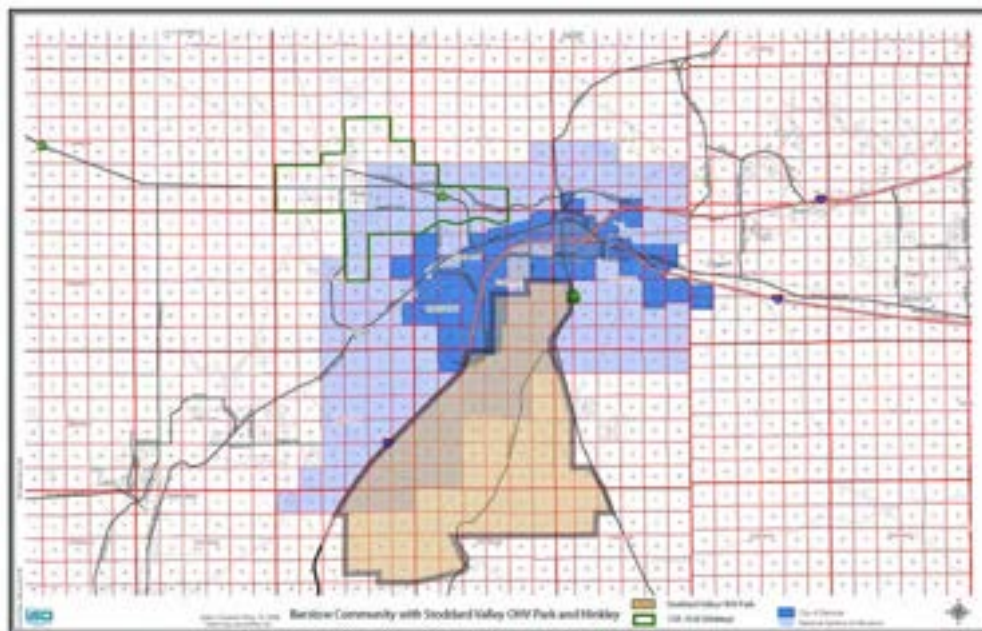
The Commission's policy guidelines for spheres of influence identify that its approach is defined as a "community-by-community" consideration.⁶ This practice employs looking at the whole of the community as defined by the existence of inter-related economic, environmental, geographic and social interests. The Commission's concept is to take this definition designating the area as the sphere of influence for all related service providers.

Today, the Barstow community is defined as the coterminous spheres of the City of Barstow, Odessa Water District, and the Barstow Fire Protection District. There are other agencies that primarily serve the Barstow community but whose jurisdiction extends beyond the defined community. These agencies are County Service Area 40 (television translator) and Barstow Cemetery District. Even though the primary service area for these districts is Barstow proper, they serve territory far beyond the current Barstow community and represent much more than Barstow. Therefore, LAFCO staff position is that these districts are regional in nature and should not be confined or defined by the Barstow community.

However, the definition of the Barstow community extends into the Stoddard Wells Off-Highway Recreational Area; it includes roughly half of the Hinkley community. The former Barstow Park and Recreation District boundary, to which the City was designated the successor agency for continuing service following its dissolution, and exceeds the existing City sphere of influence by approximately 463 square miles. Taking all of these issues into consideration, the first discussion point for this review and determination is:

What is the appropriate definition of the "community" of Barstow?

The following map outlines the differences in the various boundary issues described above:



⁶ San Bernardino LAFCO Commission Policy Guidelines for Spheres of Influence

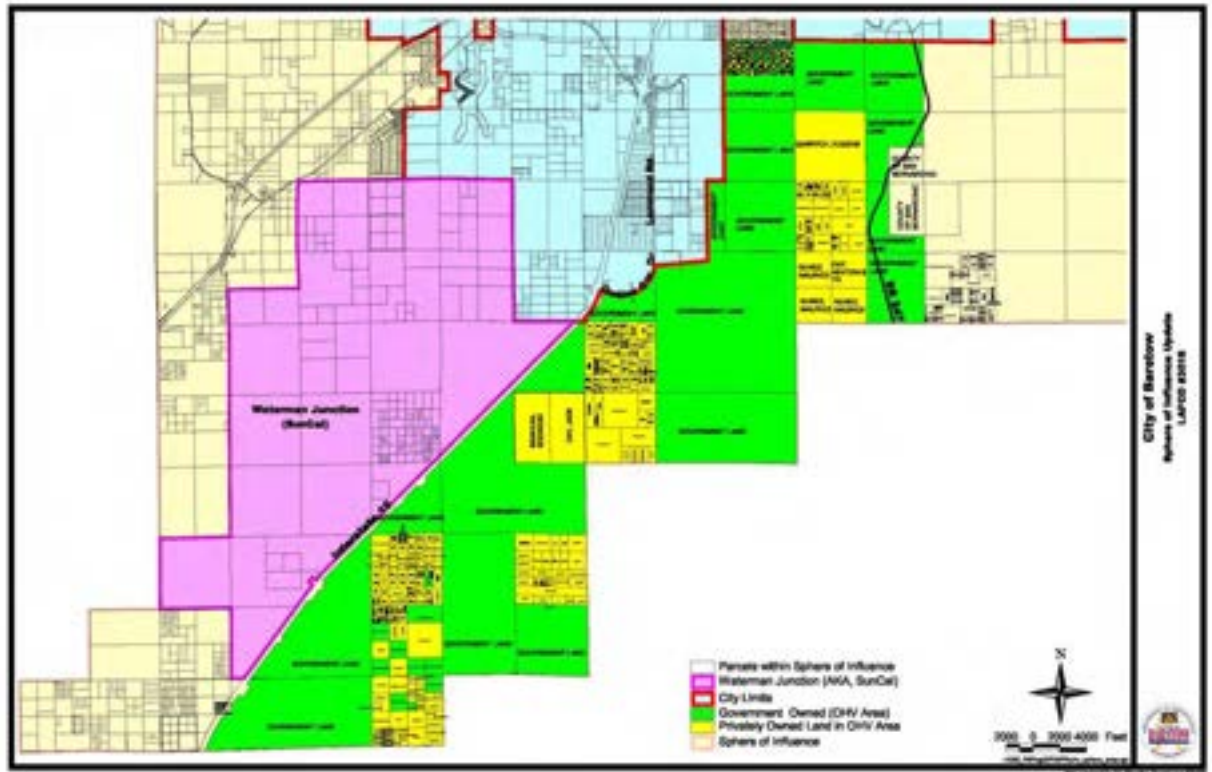
Based upon a review of the materials submitted to the Commission during this service review, prior Commission considerations and the policies for spheres of influence adopted by the Commission, it is the staff's position that the definition of the Barstow Community should be modified. This position is based upon the following information:

1. The spheres of influence of the City of Barstow and its related districts extend into the Stoddard Valley Off-Highway Vehicle Recreation Area. In 1996, LAFCO considered a large sphere of influence proposal from the City of Barstow in order to accommodate a potential development project and additional territory (LAFCO 2809). This sphere area west of Interstate 15 includes the proposed development now known as Waterman Junction but in 1996 identified as "Martinville".

However, east of Interstate 15, LAFCO staff expressed concern over the inclusion of substantial amounts of Bureau of Land Management lands within the sphere of the City which include the then planned Stoddard Wells Off Highway Vehicle Park, and portions of Desert Tortoise Critical Habitat area. The LAFCO Commission approved the sphere expansion and requested LAFCO staff to return in one year so that the Commission could be apprised of the land use and service planning activities that had been undertaken in the area. City staff at that time assured the Commission that the project would go forward given the availability of water, and the Commission took no action.

The project east of Interstate 15 never materialized and there are no development projects anticipated for this area at the present time. Also, when the Commission approved the sphere expansion, the area of the Stoddard Valley Off Highway Vehicle Recreation Area (OHV) was not fully defined at the time. Since that time, the area of Stoddard Valley OHV has been defined. Further, there is little development potential since the area is designated by the County General Plan as Resource Conservation (open space and recreational activities - minimum lot size 40 acres) and is comprised mostly of Bureau of Land Management lands.

The City of Barstow has indicated to staff that it would like to retain its sphere within the Stoddard Valley OHV because roughly one-third of the land within its current sphere is privately held, is accessible from the highways, and is in close proximity to the potential Waterman Junction Project (letter included in Attachment #2). As shown in the map below, the private lands are not contiguous and are interspersed throughout this portion of the Stoddard Valley OHV and prospects still exist to trade these private lands holdings for lands outside the OHV. However, in anticipation of future development, the City requests maintenance of its sphere of influence in this area.



2. The spheres of influence for the City of Barstow and its related districts include roughly half of the Hinkley community as defined by the boundaries of County Service Area 70 Improvement Zone W. In looking at future service delivery, LAFCO staff believes that either all of the Hinkley community should be included or excluded from the Barstow community definition.
3. In 2003, the governing bodies of the City of Barstow and the Barstow Park and Recreation District jointly initiated a proposal to dissolve the Park District and assign the City of Barstow as the successor entity to alleviate problems associated with the dwindling resources of the park and recreation district. The City was conditioned to provide the current level and range of service provided by the District to those areas outside the corporate boundaries of the City, but within the former District's boundaries. The former Barstow Park and Recreation District comprised 503 square miles with 23.7 square miles within the corporate boundaries of the City, at that time and included the communities of Lenwood, Hinkley, and Hodge.

In evaluating these changed circumstances, LAFCO staff has reviewed options to more clearly define the Barstow community so that further discussion of the municipal service reviews and sphere of influence updates can take place. In the staff view, those options are:

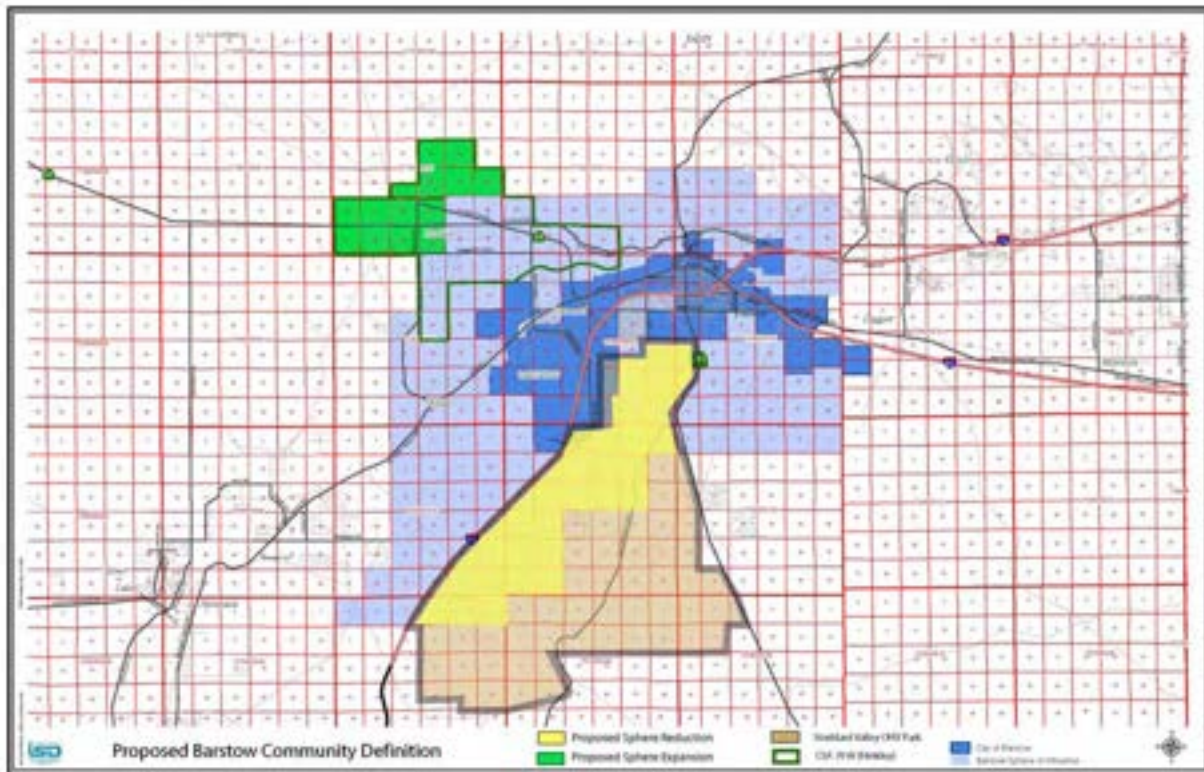
1. Indicate that the Barstow community shall be considered to be the existing sphere area assigned the City of Barstow, Odessa Water District, and the Barstow Fire Protection District;

2. Indicate that the Barstow community should not include the land of the Stoddard Valley Off-Highway Vehicle Recreation Area;
3. Indicate that Hinkley should either be included or excluded in its entirety within the Barstow community;

In the LAFCO staff opinion, the Barstow community should be defined by a combination of the items listed above. Specifically, the existing community should be modified to include:

- A reduction to the south to exclude the territory of the Stoddard Valley Off-Highway Recreation Area. The territory of Stoddard Valley OHV has no requirement for municipal level services based upon the public nature of the majority of the land holdings and uses and its recent inclusion within the San Bernardino Fire Protection District for fire suppression, emergency response, rescue, and ambulance. The Commission, at the September 2008 hearing, did not extend the Apple Valley community into the Stoddard Valley OHV based on the same rationale. Further, LAFCO staff spoke with representatives from the Bureau of Land Management - Barstow Office, and they state that one of the Barstow Office's goal is to make the Stoddard Valley Off-Highway Recreation Area whole by purchasing all the private lands within the recreation area. Therefore, the need for the City's sphere to remain as large as it is, in the staff view, cannot be supported; and
- Expansion to include the entirety of the Hinkley community. Expansion to include the entirety of the Hinkley community would allow for the City to plan for future service provision and community needs.

The staff's recommendation for the definition of the Barstow community is included in Attachment #1 and is illustrated below with the expansions in green and the reductions in yellow:



The evaluation of the balance of the municipal service reviews and sphere of influence updates will be based upon the above described determination of the Barstow community.

CITY OF BARSTOW

Municipal Service Review and Sphere of Influence Update

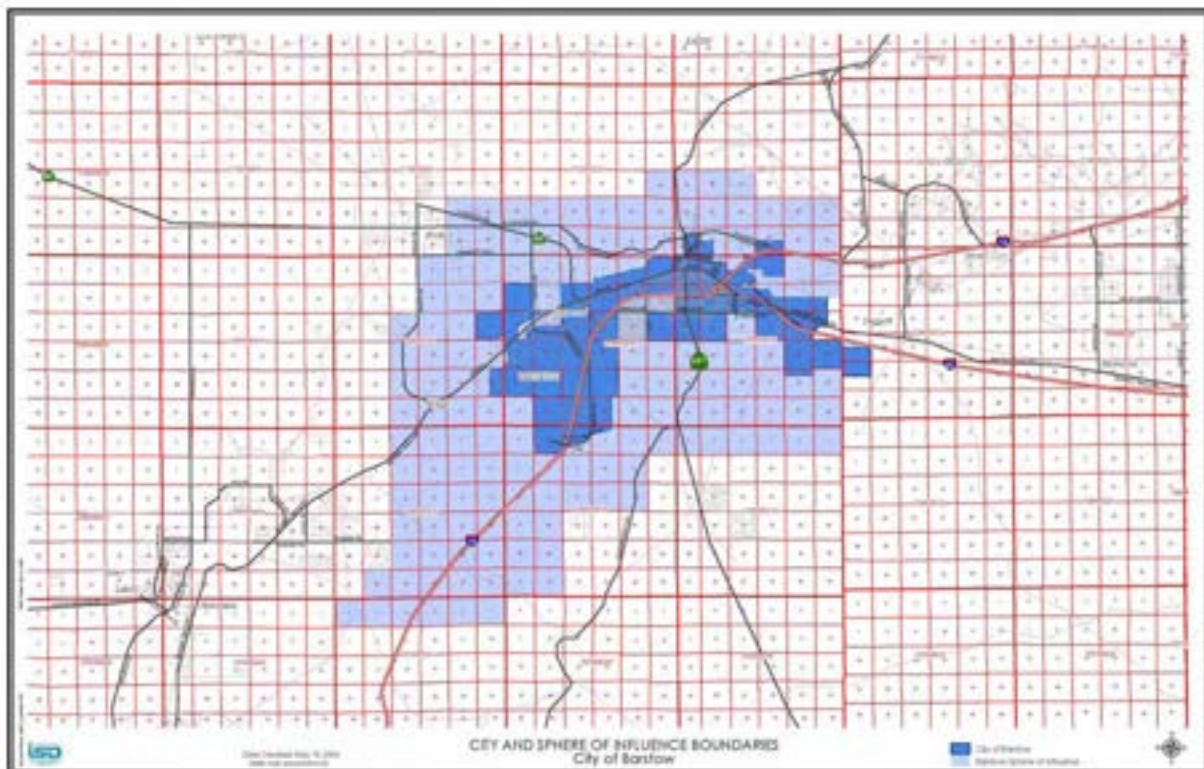
INTRODUCTION:

LAFCO 3016 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence update to include a sphere modification pursuant to Government Code 56425 for the City of Barstow (City). The City's response and supporting materials are included as Attachment #2 to this report and are briefly summarized in the information below.

The City has operated under the Council-Manager form of government since its incorporation in 1947. The City Council is comprised of five members and the mayor holds one of the seats. The City encompasses approximately 40 +/- square miles and its sphere extends an additional 145 +/- square miles. Since 2000, the City's population has remained relatively the same. In 2000 the population was 23,290 and in 2007 the population is 23,943.

BOUNDARIES:

The service review and sphere study area includes the corporate boundaries of the City and the unincorporated communities of Barstow Heights, Hinkley, Grandview, and Lenwood. The study area is generally southwest of Fort Irwin, west of the Daggett community and northeast of Victor Valley. Below is a map of the City's current boundaries and sphere.



MUNICIPAL SERVICE REVIEW SUMMARY

The City prepared a service review consistent with LAFCO's policies and procedures and the factors required by Government Code Section 56430. The City's response to LAFCO's original and updated requests for materials includes, but is not limited to, the City's budgets and comprehensive annual financial reports.

Growth and population projections for the affected area.

City Limits

According to the State Department of Finance, the City had an estimated population of 23,943 in 2007. The City's population projections, which were developed using the Southern California Association of Government (SCAG) projections, are listed in five-year increments, as follows:

2010 – 25,401	2025 – 35,430
2015 – 28,831	2030 – 38,571
2020 – 32,215	

Build-out within the City is approximately 130,000 persons based on the current land use designations. Within the City limits is a proposed development project for 219 lots along Jasper Road north of Citrine Road. This area was recently annexed to the City effective June 2008.

Most of the anticipated growth is expected to occur in three areas identified in the City's General Plan:

- Residential growth in the three-mile wide corridor between Rimrock Road and Linda Vista Road
- Industrial growth in the City's Business Park (on West Main Street, east of Highway 58) and Industrial Park (west side of Lenwood Road, north of West Main Street)
- Commercial growth in the Lenwood Specific Plan area (east side of I-15 between Lenwood Road and Outlet Center Drive)

Waterman Junction

Waterman Junction is anticipated to be a master planned community, currently partially within City limits and partially within its sphere located west of Interstate 15 between Stoddard Mountain and Lenwood Roads. The planned area would include a lake and golf courses and encompass 7,350 acres with 500 acres set aside for potential business and 150 acres for educational purposes. The development could add up to 25,000 homes (67,000 people) in the next 20 to 30 years.

The development is still in the planning stages and needs an environmental impact report. The City is anticipated to develop a specific plan⁷ for the area, and the developers envision eventual annexation to the City, which would require LAFCO approval. The project was originally scheduled to break ground in 2010 but is currently on hold while the developer waits until the housing market rebounds⁸.

If the entirety of the development comes to fruition and the area is successfully annexed to the City, the development would add approximately 67,000 persons to the SCAG projection of 38,571 for a total population of 105,571.

Sphere of Influence

Utilizing the growth forecast for transportation analysis zones, as identified in the Southern California Association of Governments 2008 Regional Transportation Growth Forecast, the City's sphere of influence population projections are as follows:

2010 – 10,381	2025 – 12,212
2015 – 11,050	2030 – 13,006
2020 – 11,585	

LAFCO staff has received project notices which anticipate General Plan Amendments, tentative tract developments, and Conditional Use Permits for increased residential development within the sphere area. A review of the project notices that have been submitted for County Land Use Planning review from 2004 through present indicate the potential for creation of 134 lots. These projects are adequately accounted for in the projections listed above. A map of these projects is shown below. Additionally, there is a specific plan adopted by the City of Barstow in 1988 for the Lenwood community which guides development for the future in this area consistent with the City's General Plan.

⁷ The Specific Plan is just a step below the general plan in the land use approval hierarchy, and is used for the systematic implementation of the general plan for particular geographical areas. source: Curtin, Daniel, J. and Cecily T. Talbert. California Land Use and Planning Law. Solano Press Books. Point Area, CA (2005). See also Government Code §65450 et seq.

⁸ Aaron Aupperlee, "Housing Slump Stalls Waterman Junction Project," Victorville Daily Press, 11 June 2008, Local News.



Historical trends indicate low growth in the community in comparison with other urban areas of the North Desert region of the County. However, there are planned developments anticipated in the future such as the Waterman Junction development. These future projects will increase the need for public services within the existing City boundaries as well as within the unincorporated sphere area. However, the single most tangible factor that could limit growth will be the availability of water.

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

The City provides land use planning, general government, sewer collection and treatment, police, street maintenance, and park and recreation services. Retail water is provided by the Golden State Water Company, which is discussed later in this report. The Barstow Fire Protection District provides fire protection and paramedic services within the City, and further information on fire services is presented in the municipal service review and sphere of influence update for the Barstow Fire Protection District.

Police

Currently, police services adequately serve the area. The City Police Department is responsible for providing law enforcement and public safety services within the City. In FY 2006-07, the Department had a staff of 53 of which 37 are sworn officers. Additionally, the City is initiating a Neighborhood Enhancement Program. There is one police station to serve the 40 square mile jurisdiction.

Sewer

In 2007, there were 80 miles of sewer lines and approximately 17,000 connections. The City maintains the sewer collection system and operates the wastewater reclamation facility which is currently operating at 2.7 million gallons per day but has a capacity of 4.5 million gallons per day. The reclamation facility was constructed in 1968 for primary level treatment and was expanded in 1975 to secondary level treatment. City staff indicates that the reclamation facility is in good condition. However, according to the FY 2006-07 Comprehensive Annual Financial Report, the California Regional Water Quality Control Board in August 2006 issued one order and one notice requiring the City to take remediation action for the plant:

- Order – for wastewater discharges resulting in alleged increases in the nitrate levels in the water supply resulting from the City's wastewater plant. While the Board may impose a fine on the City, the Board has neither threatened nor taken action in this regard.
- Notice – for wastewater discharges from the City's wastewater plant. Pursuant to its contract with the City, the facility operator, Aquarion Operating Services, is required to indemnify and hold the City harmless, limited to \$10 million. Aquarion Operating Services has acknowledged its indemnity obligations and is working with the Water Quality Control Board to resolve the violation. While the Board may impose a fine on the City, the Board has neither threatened nor taken action in this regard.

The City plans to upgrade the reclamation facility to tertiary level treatment and expand it to accommodate build-out growth in order to comply with the Order and Notice. City staff indicates that the upgrade plans have been deemed acceptable by the Regional Water Quality Control Board – Lahontan Region. On October 6, 2008, the City plans to release a request for proposal for firms to bid on the Phase 1 Improvements to the Wastewater Treatment Facility (Biological Nutrient Reduction). The City expects to have the project completed by July 30, 2009. According to City staff, upon completion the City will be in full compliance with the Regional Water Quality Control Board Order and Notice.

Park and Recreation

The community center has a gym, weight room, arts and crafts facilities, handball and racquetball courts, aerobics facilities, and sauna rooms. The Robert A. Sessions Sportspark includes six ball fields, two soccer fields, volleyball courts, batting cages, roller hockey arena, and concession stands. City staff has indicated that there are no Park Master Plans or studies.

According to City staff, there are 118 acres of parkland. Pursuant to the Quimby Act, a minimum of three acres per thousand population should be dedicated for recreational and/or open space purposes. Utilizing the 2007 population and total developed park acreage, the District surpasses the Quimby Act standard.

The former Barstow Park and Recreation District comprised 503 square miles with 23.7 square miles within the corporate boundaries of the City, at that time. When the City

succeeded to the Barstow Park and Recreation District in 2004, it succeeded to the Barstow Park and Recreation District contract with the Barstow Heights Community Services District. Pursuant to the contract, the Barstow Park and Recreation District was to provide maintenance of the CSD's two parks. The City succeeded to this contract and now performs this service. However, the terms of the contract expire in 2010. City and District staffs have indicated the intent to continue this contract. Additionally, as a condition of the approval of the dissolution, the City was required to continue to provide park and recreation services to the residents outside the boundaries of the City but within the former District's boundaries in the same manner and at the same cost as in-City residents. The level of service has increased due to the upgrading of facilities and improvements to the Sports Park. The range of park and recreation services generally remains the same since the former District's facilities were generally located either within the City or near the City and not in the far reaches of its former boundaries.

Financial ability of agencies to provide services.

Revenues

As mentioned previously, much of Barstow's economy depends on transportation. For governmental activities, the main sources of revenue are sales tax (24%), capital contributions and grants (22%), property tax (18%) and other taxes (18%). In 2007 the City increased its development fees for permits and applications for the first time since 1986. The new fee schedule includes an annual cost of living adjustment based on the regional Consumer Price Index not to exceed three percent per year.

On the November 2008 ballot is a measure to impose an additional 3/4 cent sales tax within City limits to pay for increased staffing and equipment for the City Police Department and the Barstow Fire Protection District. The proposed tax would be split 69 percent for fire and emergency medical response services and 31 percent for police. According the County Registrar of Voters website, passage of this measure requires a 2/3 majority.

Wal-Mart has selected the Barstow Industrial Park to house one of its mechanized food distribution centers. The distribution center is anticipated to be 900,000 square feet on 147 acres. Construction is planned to begin late 2008/early 2009 with service beginning in 2010.

Audit

The City's Comprehensive Financial Annual Report combines the financial statements of the City, the Barstow Redevelopment Agency, the Barstow Financing Authority, the Barstow Public Facilities Corporation, and the Odessa Water District. Highlights from the City's comprehensive annual financial report for FY 2006-07 are:

- Assets exceeded liabilities at the close of the year by \$132,491,082. Of this amount, \$33,792,667 is unrestricted.
- Total net assets increased by \$8,412,810 (7%) from prior year.
- Governmental funds increased \$6,890,316 (16%) from prior year.

- Unreserved fund balance for the General fund was \$29,774,340 or 116% of total general fund expenditures.
- Total debt increased by \$849,001 (4%) due to obligations that are scheduled to be paid in FY 2007-08.

As a measure of the general fund's liquidity, it is useful to compare both the total fund balance (\$29,992,999) and the unreserved fund balance (\$29,774,340) to total general fund expenditures (\$13,782,704). The total fund balance represents 117% while the unreserved fund balance represents 116% of total general fund expenditures. It is important to note that the total fund balance includes a working capital reserve of \$1,500,000, which represents 11% of general fund expenditures.

All the governmental funds ended the year with a surplus, except for the Measure I Special Revenue fund. This fund experienced a change in fund balance of \$(332,654). The reason for the decrease in fund balance was due to increased costs due to road projects. The Redevelopment Debt Service fund had a deficit fund balance of \$2,332,693 at the end of the year. The fund has an obligation to the Low and Moderate Income Housing Funds for prior housing set aside obligations, which will be paid from future tax increment pursuant to a repayment plan.

Cash not required for immediate use is invested with the State of California Local Agency Investment Fund (LAIF). For FY 2006-07, the City's LAIF cash balance was \$11,694,677.

Barstow Redevelopment Agency

The Barstow Redevelopment Agency (Agency) was established in 1973 pursuant to the California Community Redevelopment Law. The Agency's redevelopment activity involves two project areas. Combined the two project areas comprises approximately two-fifths of the City's jurisdiction. The project areas include residential, commercial, industrial, and public areas. The Agency's primary source of revenue, other than loans and advances from the City, comes from property tax increment. The redevelopment agency does have drawbacks however. For example, property tax receipts have lessened tax receipt revenues to other agencies, such as the Barstow Fire Protection District.

At the end of FY 2006-07, total expenditures (\$14.2 million) exceeded assets (\$11.4 million) by \$2.8 million. Although net expenditures exceeds net assets, the shortfall lessened by \$1.8 million for the year.

On October 1, 2001, the Agency entered into an agreement to repay the City \$4.23 million with interest at the rate of 6% per annum, fully amortized to 2019. The sum of \$4.23 million represents the Agency's share of costs for construction of an indoor swimming complex built in 1975 and accumulated interest on such share of costs. As of June 30, 2007, the balance was approximately \$4.18 million.

Park Services

Pursuant to the conditions of the dissolution of the Barstow Park and Recreation District, the City agreed to separately account for the District's revenues so that such funds are to be

used for the purpose of providing an equivalent level and range of park and recreation services. The revenues the City receives that are attributable to the former district are separately accounted for in the City's financial documents but are not easily identified. However, for the purpose of providing an equivalent level and range of park recreation services, the level of service has increased due to the upgrading of facilities and improvements to the Sports Park. The range of park and recreation services generally remains the same since the former District's facilities were generally located either within the City or near the City and not in the far reaches of its former boundaries.

The Sports Park has its own fund and the facility was built by the Barstow Redevelopment Agency to meet the recreational needs of the community. Since the Sports Park does not generate significant revenues, the General Fund subsidizes the operations of the Sports Park. Below is the budget activity for the Sports Park since FY 2006-07.

Sports Park Activity	FY 2006-07	FY 2007-08	FY 2008-09
Operating Revenue	\$52,900	\$95,309	\$107,250
Transfer from General Fund	334,500	355,000	389,000
Total Expenditures	387,334	588,563	452,276
Net Income/(Loss)	\$66	\$(138,254)	\$782

Capital Improvement Budget

The City annually adopts and maintains a five-year capital improvement program which includes road improvements. The major capital improvement projects of past two years are:

- Upgrade of the wastewater treatment facility. Construction in progress at the close of the FY 2006-07 reached \$1.7 million.
- Opening of the Compressed Natural Gas/Liquefied Natural Gas Fueling Station. This is a City-owned station that is open 24 hours a day to fuel public and private vehicles. Federal, State, and local grant funds were used to construct the station. The fund for this business operation receives a royalty for each gallon of fuel sold.

Long-Term Debt

The City's debt service as a percentage of non-capital expenditures decreased from 12.5% in 2004 to 8.6% in 2007. At the end of FY 2006-07, the City had total bonded debt outstanding of \$17.45 million. Of this amount, \$1.22 is special assessment debt for which government is liable in the event of default by the property owners subject to the assessment. A breakdown of the debt is in the chart below.

Debt	Government Activities	Business Type Activities	Total
Tax Allocation Bonds	\$9,500,000	\$0	\$9,500,000
Sales Tax Revenue Bonds	1,980,419	0	1,980,419
Certificates of Participation	0	3,380,000	3,380,000
Compensated Absences	1,350,986	21,452	1,372,438
Special Assessment Debt	1,220,000	0	1,220,000
Total	\$14,051,405	\$3,401,452	\$17,452,857

Status of, and opportunities for, shared facilities.

The City has identified that there are no shared facilities with other agencies.

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

Local Government Structure and Community Service Needs

The City has operated under the Council-Manager form of government since 1947. The City Council is comprised of five members and the mayor holds one of the seats. Council Members and the mayor are elected at large to four-year staggered terms. The City Council also serves as the Board of Directors of the Barstow Redevelopment Agency, the Barstow Financing Authority, the Barstow Public Facilities Corporation, and the Odessa Water District. Below is the composition of the current council, their positions, and terms of office:

Council Member	Title	Term
Lawrence Dale	Mayor	2008
Steve Curran	Mayor Pro Tem	2010
Joe Gomez	Council Member	2008
Julie Hackbarth-McIntyre	Council Member	2010
Timothy Silva	Council Member	2010

City council meetings are held the first and third Monday of each month at the Barstow City Hall at 7:30 p.m. The City complies with the Brown Act, and the public is welcome. The City Council convenes separate meetings as the Council or the respective board of directors. For certain items of common interest, joint meetings are held. A quarterly newsletter is published and made available to residents.

Operational Efficiency

Operational efficiencies are realized through several joint agency practices, for example:

- The City of Brawley (Imperial County) to pool resources to result in lower costs to acquire financing from the California Statewide Communities Pooled Financing Program for a 2004 wastewater revenue bond.
- Mojave Desert and Mountain Integrated Waste Joint Powers Authority for solid waste and recycling.

- Public Entity Risk Management Authority (PERMA) for insurance/risk management purposes. PERMA is composed of 24 member entities located throughout Southern California.
- Alliance for Water Awareness (AWAC). The City, as an AWAC member, participates in workshops, outreach events, and public education to communicate the conservation message.

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

Since 2003 the City has provided sewer service for certain properties (Lenwood/High Desert Estates) within County Service Area 70 Improvement Zone S-7 (LAFCO SC 184). The Commission’s approval of the out-of-agency service contract provided authorization for this service to be extended within any portion of CSA 70 Zone S-7 without the need for further Commission action.

Pursuant to the conditions of the dissolution of the Barstow Park and Recreation District, the City is required to continue to provide for park and recreation services outside the boundaries of the City but within the former District’s boundaries. LAFCO staff would recommend that this ongoing requirement be memorialized in an out-of-agency service contract to reduce confusion for the City and County staff implementing the provisions.

Other Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

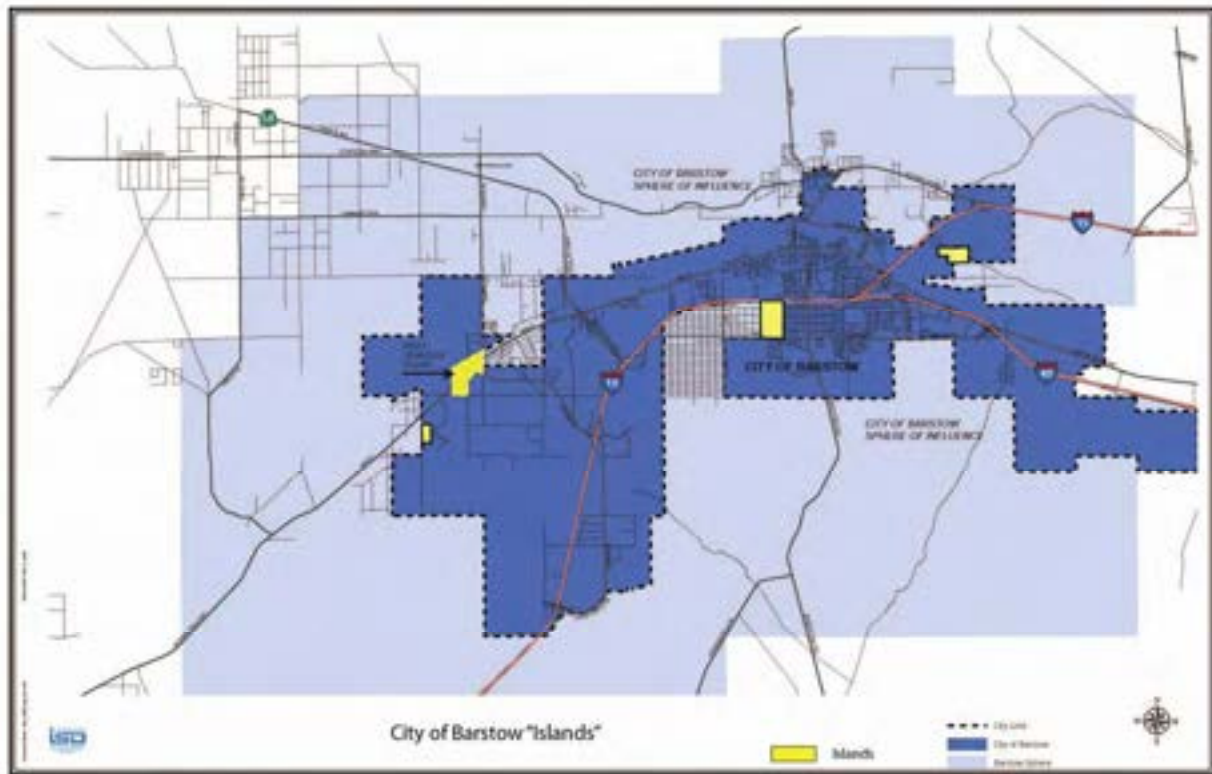
- Expansion of the City to encompass the entirety of its sphere. In the materials provided for this review, the City indicated that annexations are driven by development projects and their need for municipal services. Given this policy, the vast rural nature and land use designations of the majority of the sphere, and the lack of infrastructure or financing to provide municipal level infrastructure, this option is not desirable.
- Dissolution of the Odessa Water District. In this option the District is dissolved with the City becoming the successor. This option is not supported due to the need for this entity’s services as discussed further in the municipal service review for the Odessa Water District.

- Barstow Fire Protection District (District) becoming a subsidiary district of the City. In order for the District to become a subsidiary district of the City, at least 70% of registered voters in the District must reside in the City and at least 70% of the District's territory must also be within the boundaries of the City. The District does not meet the threshold for territory within the boundaries of the City at this time.
- Annexation of the Barstow Heights community. In this option, the City would annex the Barstow Heights community. Such an application would be processed to include the dissolution of the Barstow Heights Community Services District or establishment as a subsidiary district and the dissolution of County Service Area 70 Improvement Zone R-42 (roads) with the City identified as the successor agency. The City would then be responsible for extending its services to the area.
- Annexation of the Lenwood community. In this option, the City would annex the Lenwood community. Such an application would be processed to include the dissolution of County Service Area 70 Improvement Zone S-7 (sewer) with the City identified as the successor agency and the detachment from County Service Area SL-1 (streetlights). The City would then be responsible for extending its services to the area, including the maintenance of the sewer collection system and street lights.
- Maintenance of the status quo – At this time, the City is not requesting any changes to its governmental structure.

Pursuant to Commission directives when requesting approval of development related annexations, a city must address its totally and substantially-surrounded islands. The City of Barstow's islands were outlined in the Commission's general discussion of the islands and its policies at the Workshop held on March 31, 2005. LAFCO staff's analysis indicates that there are currently four areas that meet the requirements of being an "island".

It should be identified that on two occasions the City of Barstow has complied with requests from the Commission to address its island areas as a part of development related annexations. For the last annexation to the City of Barstow, LAFCO 3085, at the request of the Commission the City indicated that it would initiate the annexation of the "West Lenwood Island" as identified in the staff report within one year. The staff is aware that a contract has been issued to prepare the necessary documents for the submission of this island. In addition, in 2002, the City complied with the Commission's request to initiate the "Mojave Manor" island annexation as a part of the Commission consideration of LAFCO 2880 annexing the NEBO Base to the City.

The remaining City islands are shown on the map included as a part of Attachment #2 and is shown below:



SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission modify the City's sphere of influence as outlined in the Community Discussion section of this report to exclude the Stoddard Valley Off Highway Recreation Area, include the remainder of the Hinkley community as defined by the boundaries of CSA 70 Zone W, and affirm the remainder the City's sphere.

The City's boundary currently encompasses approximately 40 +/- square miles, and its sphere of influence extends an additional 145 +/- square miles. The County's Development Code establishes a "sphere standards overlay" to allow the implementation of County development standards or standards that closely conform to city development standards. The intent of this sphere overlay standard is to, "ensure that the County's approval of a proposed development in a sphere of influence is consistent with the shared objectives of the County" and the city.

Further, pursuant to Government Code 56425(b), as a part of the sphere of influence updates for cities conducted by LAFCO, the city and the County are required to meet and discuss the sphere of influence of the city. The City and the County fulfilled the meeting requirement. Discussed at the meeting were planning and development standards, and the City relayed to County representatives that there is no interest at this time in expanding its sphere of influence. No agreements are known to have been reached between the City and County on planning or development standards for the sphere of influence territory.

The City has indicated in the materials submitted for this review that no modifications to the existing sphere are currently requested or anticipated.

FACTORS OF CONSIDERATION:

The City 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

Overall, the City's boundaries and sphere include the full range of densities from high density to non-developable land. Land uses also include the full range which includes open space, rural living, and residential. There are Williamson Act contracts in the western sphere area along the Mojave River which recognize ongoing agricultural uses that will remain for a minimum period of ten years. The majority of the sphere area is a combination of vacant lands with Rural Living and Resource Conservation land use designations. The specific plan for the Lenwood area will guide development in the future in this area. A portion of the sphere is managed by the Bureau of Land Management, the Stoddard Valley Off-Highway Recreation Area. The landownership breakdown of the community is as follows:

Land Owner	Sq Miles	Percentage
Private	120.1	65%
US Bureau of Land Management	57.9	31.3%
Military	6.7	3.6%
State Lands - State Lands Commission	0.1	0.1%
Total	184.8	100.0%

Present and Probable Need for Public Facilities and Services

In the unincorporated sphere area, the present need for municipal services is minimal due to its primarily vacant nature with low residential density. The City does provide sewer to a small portion of the sphere pursuant to an out-of-agency service agreement with CSA 70 Zone S-7 in the Lenwood area and is responsible for park and recreation services within its boundaries and the boundaries of the former Barstow Park and Recreation District.

Given the anticipated growth within the sphere, residential projects will require the full range of municipal services including development of schools, parks, medical facilities, and police and fire services.

Present Capacity of Public Facilities and Adequacy of Public Services

Currently, the City indicates that the reclamation facility and sewer collection system is in good condition. However, according to the FY 2006-07 Comprehensive Annual Financial Report, the California Regional Water Quality Control Board in August 2006 issued one

order and one notice requiring the City to take remediation action. The City plans to upgrade the reclamation facility to tertiary level treatment and expand it to accommodate build-out growth in order to comply with the Order and Notice. According to City staff, upon completion the City will be in full compliance with the Order and Notice.

To provide the Barstow Police Department with additional revenues to help adequately support police protection, on the November 2008 ballot is a measure to impose an additional 3/4 cent sales tax within City limits to pay for increased staffing and equipment for the City Police Department and the Barstow Fire Protection District. The proposed tax would be split 69 percent for fire and emergency medical response services and 31 percent for police.

In the sphere area there is some retail water and sewer service, and there are developments with services provided on-site.

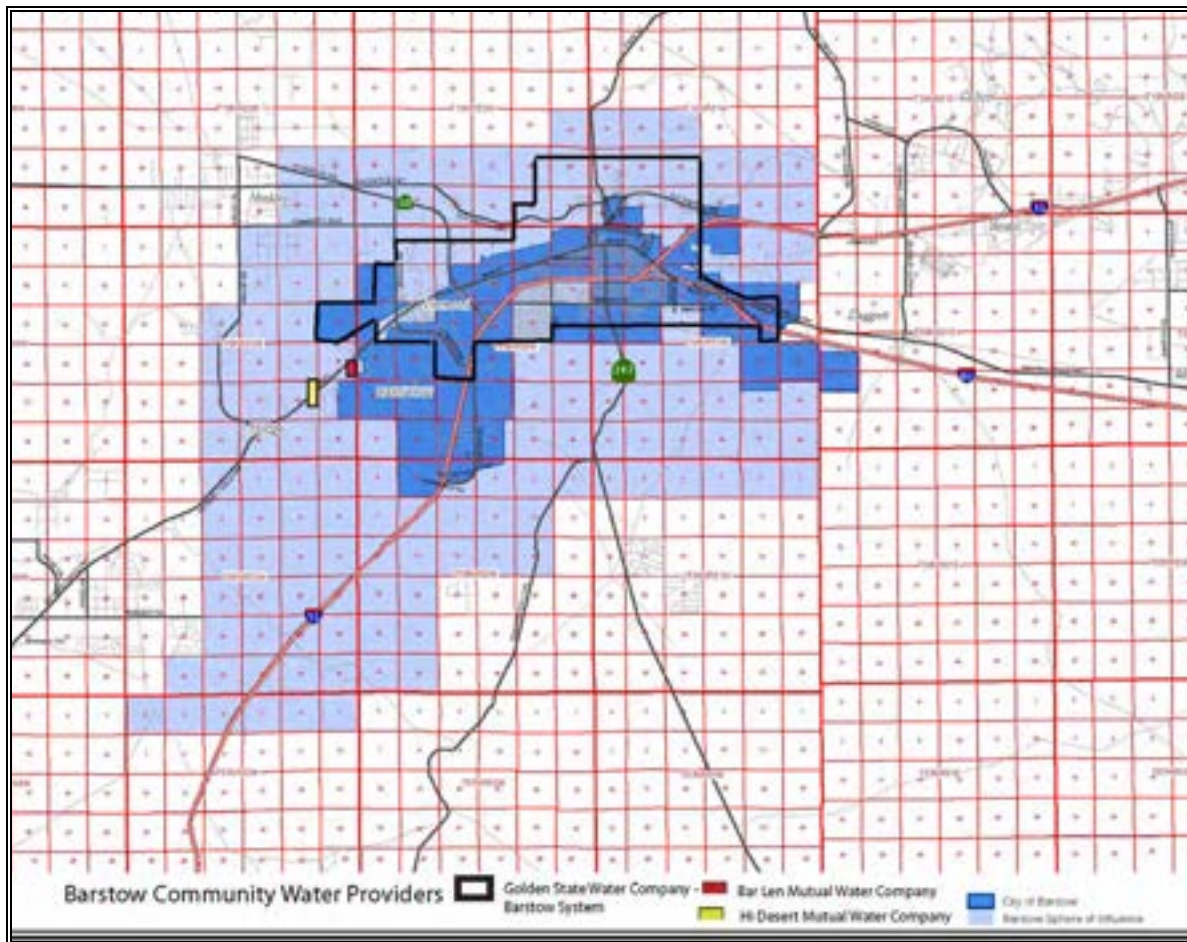
Social and Economic Communities of Interest

The City is the core of the social and economic community of interest for the Barstow community. Within the unincorporated sphere, there are four distinct social communities: Barstow Heights, Hinkley, Grandview, and Lenwood. The economic driver for the community is transportation, as the community is a transportation juncture. The community is within the Barstow Unified School District except for a small portion on the east that extends into the Silver Valley Unified School District.

WATER DISCUSSION

Retail water service within the community is mainly provided by the Golden State Water Company (within the City) and the Bar-Len and Hi Desert Mutual Water Companies serving a small portion of the community. LAFCO does not have purview over either water provider, but this report will provide a discussion of the Golden State Water Company since the system is the primary water provider to the community. Odessa Water District, a subsidiary district of the City of Barstow, is a special act water agency with a purpose to augment the existing water supply. Odessa Water District has not utilized its water powers to date. A map of these agencies is included as Attachment #3 and is shown below.

Barstow Community Water Agencies



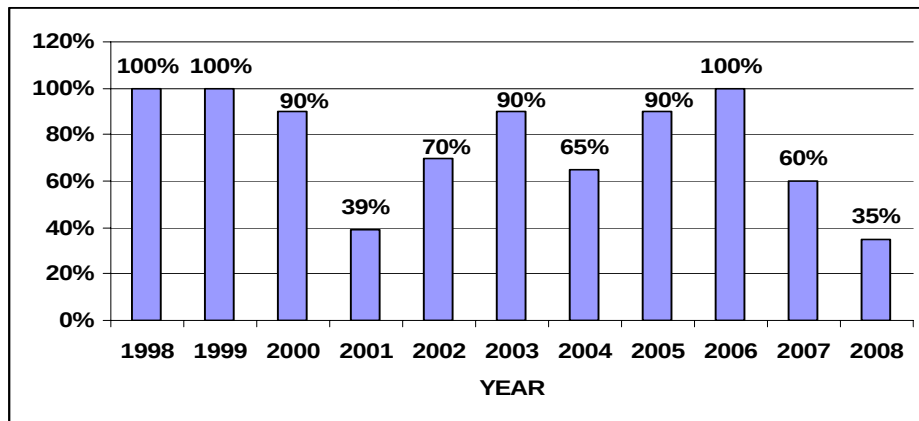
REGIONAL WATER AND SEWER:

As LAFCO staff has identified for each of the communities in the North Desert, water is the lifeblood for communities located in the desert and those that have access to water thrive, while those without adequate supply will see their service abilities deteriorate. Therefore, the most significant regional issue is present and future water supply. The 2007 State Water Project Delivery Reliability Report indicates that State Water Project (SWP) deliveries will be impacted by two significant factors. First, climate change is altering hydrologic

conditions in the State. Second, a ruling by the Federal Court in December 2007 imposed interim rules to protect delta smelt which significantly affects the SWP. Further, the Report shows, "...a continued eroding of SWP delivery reliability under the current method of moving water through the Delta" and that "annual SWP deliveries would decrease virtually every year in the future...". The Report assumes no changes in conveyance of water through the Delta or in the interim rules to protect delta smelt.

The figure below shows the allocation percentage that State Water Contractors were allowed to purchase for the past ten years. For example, Mojave Water Agency (the State Water Contractor that encompasses the community) is entitled to purchase up to 75,800 acre-feet of imported water per year, and for 2008 the allocation percentage is 35%⁹. Therefore, Mojave Water Agency can purchase up to 26,530 acre-feet in 2008. This sharp reduction in supplemental water will reduce the amount of water that can be placed into the groundwater basin where the community pumps its water.

Figure 2. Department of Water Resources State Water Project Allocation Percentages (1998-2008) Statewide



source: Mojave Water Agency, *The Panorama*, Vol. 41, Issue 2, Winter 2008.

The water supplied for consumption and/or use within the community is pumped from the local groundwater basin. The high growth rate in the overall region, coupled with a continued overdraft¹⁰ of the groundwater basin, which is the primary source of supply, is an infrastructure deficiency. The groundwater basin is adjudicated¹¹ under a stipulated judgment that specifies the amount of groundwater that can be extracted by major groundwater producers (those using over 10 acre-feet per year), the purpose of which is to balance water supply and demand and address the groundwater overdraft. Producers are required to replace any water pumped above their Free Production Allowance by paying the

⁹ Department of Water Resources, "Snowpack Normal, but DWR Water Deliveries Limited by Federal Court Ruling", Press Release, March 26, 2008.

¹⁰ Overdraft is defined as "the condition of a groundwater basin in where the amount of water withdrawn exceeds the amount of water replenishing the basin over a period of time". Department of Water Resources, California Water Plan Update - Bulletin 160-98, pg. G-3 (November 1998).

¹¹ Adjudication is defined in the 2005 California Water Plan as the "Act of judging or deciding by law. In the context of an adjudicated groundwater basin, landowners or other parties have turned to the courts to settle disputes over how much groundwater can be extracted by each party to the decision." Department of Water Resources, California Water Plan Update 2005, Vol 4, Glossary (2005).

Watermaster to purchase supplemental water or by purchasing unused production rights from another party. Due to the ongoing over-draft of the basin and challenges associated with the State Water Project, future supplies are limited and demand will exceed supplies unless the Department of Water Resources allocates additional amounts or additional sources are utilized such as recycled water. This prompts water purveyors to scale back consumption annually, to aggressively promote water conservation measures, and to buy more expensive imported water. Finding efficiencies in managing limited supply sources is critical for the future of the community. The single most tangible factor that would limit growth in the community will be the availability of water.

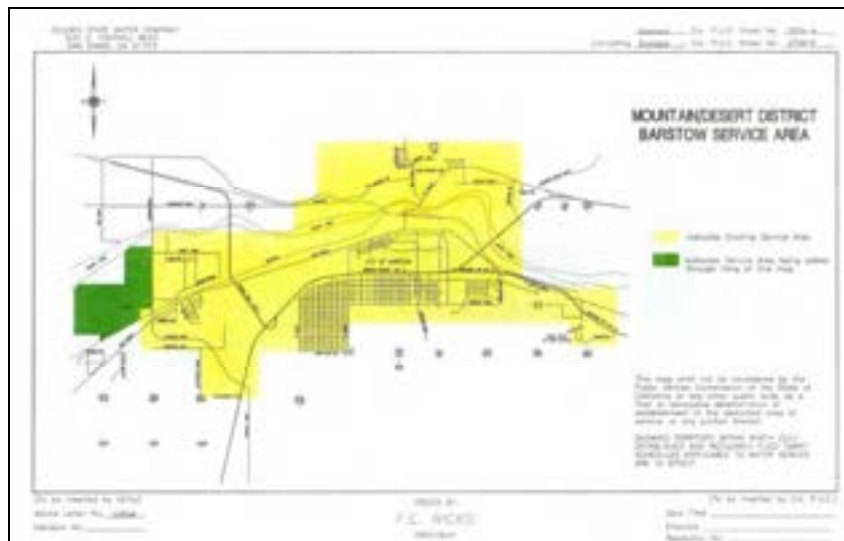
GOLDEN STATE WATER COMPANY Municipal Service Review

INTRODUCTION:

The Golden State Water Company (formerly known as Southern California Water Company) is the largest water provider within the City's boundaries and sphere. LAFCO staff requested and Golden State provided information to allow staff to better process the service reviews and sphere updates for the agencies under LAFCO's purview. Golden State is a wholly owned subsidiary of American States Water Company¹² and is regulated by the California Public Utilities Commission and also abides by the regulations of the California Department of Health Services. Currently, Golden State serves residential with some commercial and industrial customers. Golden State is not under LAFCO purview, therefore only information related to a municipal service review is provided for this report.

BOUNDARIES:

The current certificated service area consists of the majority of the City of Barstow and includes portions of the surrounding unincorporated areas. A map of Golden State's certificated service area (as filed with the PUC) is shown below and is included as a part of Attachment #4.



There is a discrepancy between the certificated service area map (shown above) and the map below obtained from the Mojave Water Agency showing the actual service delivery area. In the southern part of Golden State's system, the PUC map shows that the existing service area ends at Commerce Parkway on the southwest and at the half-section line east

¹² American States Water Company is investor owned and is traded on the New York Stock Exchange. Through its subsidiary companies, Golden State Water Company and Chaparral Water Company, it provides water service to 1 out of 30 Californians. American States also distributes electricity to approximately 22,800 customers in the Big Bear recreational area. source: www.avrwater.com. Accessed August 3, 2008. Last update unknown.

of Barstow Heights. However, LAFCO staff confirmed with the City of Barstow Building Department that south of Commerce Parkway is the Tanger Outlets and three other businesses that are served retail water by Golden State, as shown in the map below while the area east of Barstow Heights extends to the south section line.



Golden State Water staff have indicated that they are working to resolve the boundary discrepancies; however, at this time LAFCO staff is unaware of whether the PUC or Mojave map will reflect the accurate service area.

MUNICIPAL SERVICE REVIEW SUMMARY

Information from Golden State's 2005 Urban Water Management Plan, 2007 technical memorandum, and 2008 Water Quality Control Report are summarized below and excerpts from these reports are included as a part of Attachment #4.

Growth and population projections for the affected area.

From 1996 to 2005, active service connections grew only 3.5%. Average demand for the system actually has decreased since 1996 even with the increase in service connections. The average annual production was 9,820 acre feet per year for the time period, or 6,087 gallons per minute.

Year	Active Service Connections	Avg. Demand (acre feet/year)	Avg. Demand Per Connection (acre feet/year per connection)
1996	8,434	11,124	1.32
1997	8,398	11,169	1.33
1998	8,318	9,605	1.15
1999	8,332	9,861	1.18
2000	8,376	10,399	1.24
2001	8,420	9,294	1.10
2002	8,465	9,468	1.12
2003	8,544	9,491	1.11
2004	8,642	9,126	1.06
2005	8,729	8,659	0.99
Average		9,820	1.16

Future annual demand is anticipated to increase 68% by 2030 to 15,305 acre feet per year as shown in the chart below. The only category without a significant increase is agriculture. Golden State's documents do not provide a map of the anticipated future delivery areas.

Future Water Demand (acre feet per year)					
Water Use Category	2010	2015	2020	2025	2030
Single Family	4,642	5,260	5,894	6,501	7,110
Multi-family	1,251	1,418	1,589	1,752	1,917
Commercial	1,570	1,816	2,067	2,319	2,575
Industrial	494	571	650	730	810
Institutional/Government	2,121	2,453	2,792	3,132	3,478
Landscape	380	439	500	561	623
Agriculture	0	0	0	0	0
Other	3	3	4	4	5
Total	10,461	11,960	13,496	14,998	16,518

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

Water delivered to customers in the Barstow system is from groundwater pumped from the Centro Sub-basin of the Mojave River Basin. A review of the 2008 Water Quality Control Reports for the Barstow system indicates that water quality meets water quality standards. However, 18 of the 23 groundwater wells are considered most vulnerable to the following contaminants that have been detected in the water supply: septic systems – low and high density, and housing – high density. All of the 23 wells are also considered most vulnerable to one or more of the following activities which have not been detected in the water supply: mining – sand/gravel, gas stations, historic gas stations, auto body and repair shops, landfills/dumps, railroad yards – maintenance and fueling areas, illegal dumping, chemical/petroleum pipelines, farm machinery repair, and animal operations.

Golden State Water Company currently has water production rights (also known as Base Annual Production) to assure 14,407 acre-feet (AF) annually. Golden State's Barstow System is within the Centro sub-region, and Free Production Allowance (FPA) is currently at 80% of Base Annual Production, which permits the district 11,526 AF of FPA for FY 2008-09. As noted in the most recent Watermaster Annual Report, further rampdown is not

necessary at this time¹³. Producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. As indicated in the table below, the historical trend for Golden State's water production indicates that it does not produce more than its FPA. Thus, it has no replacement or make-up water obligations. However, FPA is currently set at 11,526 AF and as indicated in the chart above annual demand will be 11,960 AF by 2015. Therefore, given the demand projections and anticipated supply challenges, Golden State will need to find additional supplies or water rights, or be subject to the replacement and make-up water obligation payments to the Watermaster.

Golden State Water Company
Water Production and Water Obligations in Centro Sub-basin
(units in acre feet unless otherwise noted)

Water Year	Free Production Allowance (FPA)	Carryover from Prior Year	Transfers from (to) Other Water Agencies	Verified Production	Unused FPA or (Water Production in Excess of FPA)	Replacement Water Obligation (Agency overdraft)	Makeup Water Obligation (Watermaster replacement to the sub-basin)
2002-03 *	11,526	5,172	(5,988)	(9,331)	1,379	\$0	\$0
2003-04 *	11,526	4,425	(4,165)	(9,389)	2,397	\$0	\$0
2004-05 *	11,526	3,516	(1,119)	(8,575)	5,348	\$0	\$0
2005-06	11,526	5,348	(394)	(8,829)	7,651	\$0	\$0
2006-07**	11,526	8,045	(394)	(9,256)	9,921	\$0	\$0
2007-08***	11,526	9,921	n/a	n/a	n/a	n/a	n/a
2008-09	11,526	--	--	--	--	--	--

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years 2003/04 through 2006/07, (April 1, 2005 through April 1, 2008).

Mojave Basin Area Watermaster, Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments Recommended for Filing, For Water Years 2002/03 through 2006/07.

* Agency formerly named Southern California Water Company

** Subject to amendment in Appendix I in Fifteenth Annual Report of the Watermaster due April 2009.

*** Draft data (Appendix B) not available until January 2009.

Financial ability of agencies to provide services.

Financial information was not included as a part of the materials submitted by Golden State.

Golden State charges a quantity rate of \$1.87 per 100 cubic feet of water delivered. As authorized by the PUC under Advice Letter 1292-W, an amount of \$0.0167 per 100 cubic feet is being added to the quantity rate for a period of 12 months, beginning in August 2008, to offset an increase in capital additions.

¹³ Mojave Basin Area Watermaster. 14th Annual Report of the Mojave Basin Watermaster; April 1, 2008, Ch. 5, pg 33.

Additionally, Golden State is currently seeking authorization to implement a Water Conservation Memorandum Account (WCMA) to track extraordinary expenses and revenue shortfall associated with the conservation measures in conjunction with the declared drought in the state (Advice Letter 1284-W). If approved, the WCMA will record GSWC's revenue shortfall, incremental public relations expenses, incremental water conservation material expenses, and other operations and maintenance and administrative and general expenses that are unforeseen and unexpected directly associated Executive Order S-06-08 (the Governor's executive order in June 2008 proclaiming a statewide drought). The WCMA will not raise rates, but Golden State will request recovery of amounts in the next general rate case proceeding, or another regulatory proceeding as directed by the PUC.

Status of, and opportunities for, shared facilities.

LAFCO staff is not aware of any shared facilities. Due to the Golden State's distance from other water retailers, it does not have any inter-ties with other water systems.

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

Golden State is regulated by the PUC and also abides by the regulations of the California Department of Health Services. The Customer Service Center is available 24 hours a day each day of the year.

ODESSA WATER DISTRICT Municipal Service Review and Sphere of Influence Update

INTRODUCTION:

LAFCO 3031 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence update to include a sphere modification pursuant to Government Code 56425 for the Odessa Water District (District). The District's response and supporting materials are included as Attachment #5 to this report and are briefly summarized in the information below.

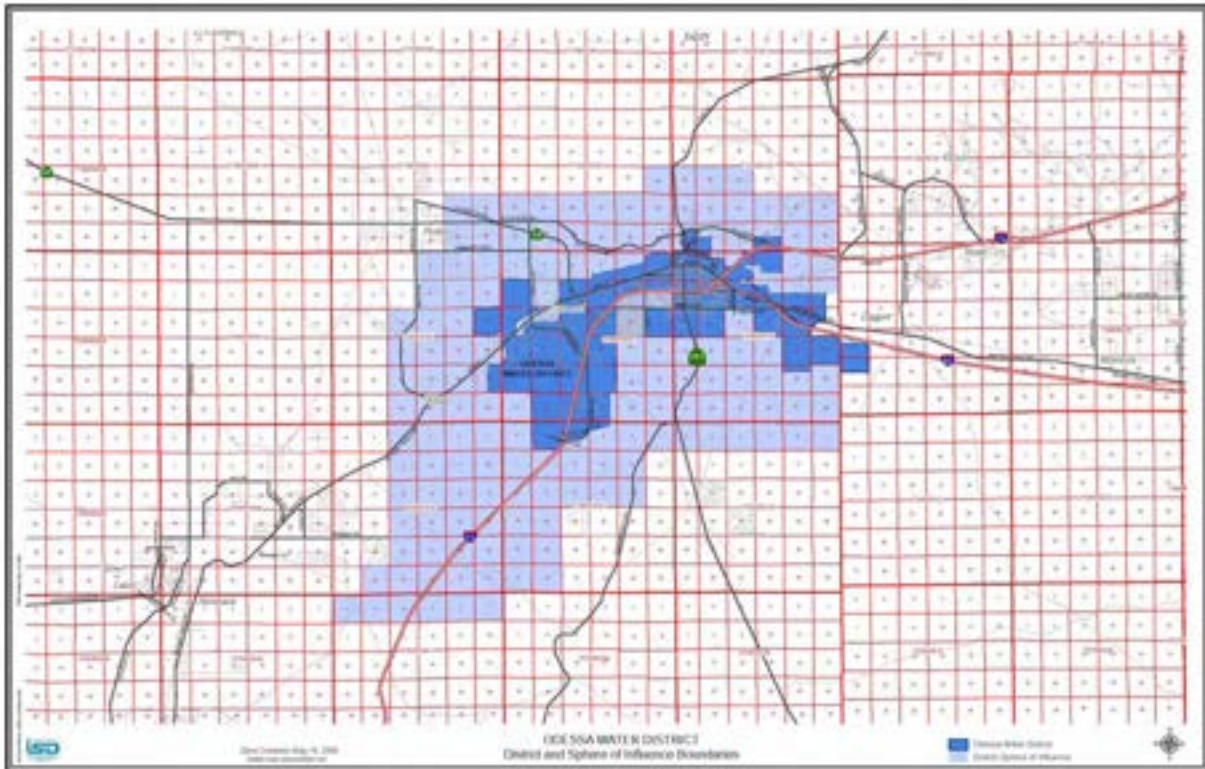
An effort to adjudicate the Mojave River Basin was initiated by the City of Barstow in 1990 through court action.¹⁴ The City of Barstow is not a water retailer being served water primarily by the Golden State Water Company (formerly Southern California Water Company). The basis for Barstow's complaint was that a large development project approved by the City of Hesperia would adversely affect the downstream water that Barstow receives. Further, the complaint requested guaranteed water from those users upstream. The following year, Senator Rogers introduced SB 1086 to create the Odessa Water District. The District is a special act water agency which means that specific legislation created the agency. The Legislature declared that the act to form the District was necessary because of, "the unique and special water undersupply problems in the area included within the district."

The District's enabling statute states that the purpose of the District is to develop, store, and distribute water to distributors and domestic purveyors in the district for all beneficial purposes in cooperation with the Mojave Water Agency (the State Water Project contractor in the region). Further, the District's purpose is not to be the primary water supplier, rather it shall augment the existing water supply for distribution within the district. Currently, retail water service is not provided. The District is a subsidiary district of the City of Barstow and is governed by the City Council as the ex-officio board members.

BOUNDARIES:

Pursuant to the existing terms of the Odessa Water District Act, the boundaries of the District are the corporate boundaries of the City of Barstow. In its original form, the District would have been able to include additional territory outside the boundaries of the City of Barstow but in doing so would have been required to add membership on the Board of Directors. In 1994, SB 1447 (Rogers) was introduced which eliminated this provision requiring that the boundaries of the District be coterminous with those of the City. If the City annexes or detaches territory, by Commission policy and the directives of Odessa Water District Law, the District also annexes or detaches that territory, so that the boundaries remain coterminous. The service review and sphere study area includes the corporate boundaries of the City and the unincorporated communities of Barstow Heights, Hinkley, Grandview, and Lenwood. The study area is generally southwest of Fort Irwin, west of the Daggett and Yermo communities and northeast of the Victor Valley area. A map of the District and its sphere is included as a part of Attachment #5 and shown below.

¹⁴ City of Barstow et al. v. City of Adelanto et. al., Superior Court Case No. 208568, Riverside County, CA (1990).



MUNICIPAL SERVICE REVIEW SUMMARY

The District prepared a service review consistent with LAFCO's policies and procedures and the factors required by Government Code Section 56430. The District's response to LAFCO's original and updated requests for materials includes, but is not limited to, the District's budgets and comprehensive annual financial reports.

Growth and population projections for the affected area.

The District's jurisdiction and sphere are coterminous with the City of Barstow's jurisdiction and sphere. Therefore, the growth and population projections for the City are used for the District. The information for growth and population is the same as that presented previously for the City and is not reiterated here.

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

The District has indicated that only in the event that Golden State Water Company cannot serve the community's needs would the District engage in retail water services. Pursuant to Odessa Water District Act, the District is authorized to provide the following in cooperation with Mojave Water Agency, consistent with the Mojave Water Agency's plans, policies, standards and water management plan criteria:

- Acquire water and water rights within or without the state
- Develop, store, and transport water

- Provide, sell, and deliver water for all beneficial purposes
- Fix the rates for water, and the amount of water standby or availability service charge or assessment
- Acquire, construct, operate, and maintain any and all works, facilities, improvements, and property necessary or convenient to the exercise of the powers granted by this act.

The District has no adopted plans to reference for this review. Since its activities must be consistent with Mojave Water Agency's plans, pursuant to its enabling legislation, the District utilizes the Mojave Water Agency's plans.

Water Rights

The District has water production rights (also known as Base Annual Production) to assure 299 acre-feet (AF) annually. The District is within the Centro sub-region, and Free Production Allowance (FPA) is currently at 80% of Base Annual Production, which permits the district 204 AF of FPA for FY 2008-09. As noted in the most recent Watermaster Annual Report, further rampdown is not necessary at this time¹⁵. Typically, producers are required to replace any water pumped above their FPA by paying the Mojave Basin Area Watermaster to purchase supplemental water or by purchasing unused production rights from another party. As indicated in the table below, the District has no obligations since it does not produce water. However, it has leased its annual water allocation. In Water Year 2005-06, the District leased it's FPA to the Victor Valley Water District (now the Victorville Water District and a subsidiary of the City of Victorville) for \$19,200.

Odessa Water District Water Production and Water Obligations (units in acre feet unless otherwise noted)

Water Year	Free Production Allowance (FPA)	Carryover from Prior Year	Verified Production	Unused FPA or (Water Production in Excess of FPA)	Transfers to Other Water Agencies	Replacement Water Obligation (Agency overdraft)	Makeup Water Obligation (Watermaster replacement to the sub-basin)
2003-04	240	240	0	0	(480)	\$0	\$0
2004-05	240	240	0	240	(240)	\$0	\$0
2005-06	240	240	0	240	(240)	\$0	\$0
2006-07*	240	240	0	240	0	\$0	\$0
2007-08**	240	240	n/a	n/a	n/a	n/a	n/a
2008-09	240	--	--	--	--	--	--

sources: Mojave Basin Area Watermaster, Annual Reports of the Mojave Basin Area Watermaster for Water Years

¹⁵ Mojave Basin Area Watermaster. 14th Annual Report of the Mojave Basin Watermaster; April 1, 2008, Ch. 5, pg 33.

2003/04 through 2006/07, (April 1, 2005 through April 1, 2008).

Mojave Basin Area Watermaster, Request for Assignment of Carryover Right in Lieu of Payment of Replacement Water Assessments Recommended for Filing, For Water Years 2002/03 through 2006/07.

* Transfers from other water agencies not accounted for yet and data is subject to amendment in Appendix I in Fifteenth Annual Report of the Watermaster due April 2009.

** Draft data (Appendix B) not available until January 2009.

Financial ability of agencies to provide services.

Although an independent special district, the materials provided by the District did not include a budget or audit. City staff has indicated that for budgeting and auditing purposes, it is considered a component unit of the City. However, the District neither has its own section of the City budget nor its own dedicated fund. To promote transparency, LAFCO staff recommends that the District have its own section of the budget and dedicated fund since it is an independent special district.

The District does not own or operate any facilities, and its sole source of income is the sale of its annual water allocation from the Watermaster. The District does have several funding options available if it chooses to pursue its water endeavors. These include improvement bonds, revenue bonds and short-term borrowing based on the value of the District's water rights, and assistance from the City of Barstow and Barstow Redevelopment Agency. The District has never issued bonds for improvements or water acquisitions, and none are planned at this time.

Status of, and opportunities for, shared facilities.

There are no facilities shared with other agencies. Given the limited scope of the District's activities, the opportunity to share facilities is limited or non-existent.

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

Local Government Structure and Community Service Needs

Pursuant to the District's Act, the District's Board of Directors is the Barstow City Council and the administrative functions of the District are to be carried out by City administration (City Clerk, City Manager, etc.). Below is the composition of the current council/board, their positions, and terms of office:

Council/Board Member	Title	Term
Lawrence Dale	Member	2008
Steve Curran	Member	2010
Joe Gomez	Member	2008
Julie Hackbarth-McIntyre	Member	2010
Timothy Silva	Member	2010

Board meetings are held when needed but at least one meeting per year is held as required by law to adopt its budget. For certain items of common interest, joint meetings are held.

Operational Efficiency

LAFCO staff is aware of one joint agency practice, the Alliance for Water Awareness (AWAC). The District (through the City), as an AWAC member, participates in workshops, outreach events, and public education to communicate the conservation message.

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

There are no known out-of-agency service agreements.

Other Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Expansion of the District to encompass the entirety of its sphere. Pursuant to the Odessa Water District Act, the boundaries of the District are the corporate boundaries of the City of Barstow. No expansion can take place without the concurrent expansion of the City. As noted in the materials above, the City does not contemplate such an action at this time.
- Dissolution of the Odessa Water District. In this option the District is dissolved with the City becoming the successor. The Odessa Water District Act does not specify a process for dissolution of the agency; therefore, the process would be conducted under the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The potential need of the services available to the District due to the water challenges in the community does not support such an action.
- Purchase of the Golden State Water Company – Barstow System. The District did not provide this an option. For this option to occur, the electorate of the District would have to approve the issuance of bonds to purchase the system, in addition to Golden State agreeing to the purchase or a condemnation proceeding be undertaken. There has been no indication from either the City, the District or Golden State that this is a desirable option at this time.

- Maintenance of the status quo – At this time, neither the District nor LAFCO staff is recommending any changes to its governmental structure.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission modify the District's sphere of influence as outlined in the Community Discussion section of this report to exclude the Stoddard Valley Off Highway Recreation Area, include the remainder of the Hinkley community as defined by the boundaries of CSA 70 Zone W, and affirm the remainder the District's sphere of influence.

LAFCO staff also recommends that the Commission affirm the function and services provided by the District as follows:

FUNCTIONS

Water

SERVICES

Acquisition, retail, wholesale

The District's boundary currently encompasses approximately 40 +/- square miles, and its sphere of influence extends an additional 145 +/- square miles. The District's submitted materials have indicated that no modification to the existing sphere is currently anticipated.

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, the District is authorized the function of Water. Neither the staff of LAFCO nor the District proposes any changes to the District's authorized functions and services. Therefore, staff recommends that the Commission affirm the District's authorized functions and services as outlined above.

FACTORS OF CONSIDERATION:

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

Present and Planned Uses

Overall, the District's boundaries and sphere include the full range of densities from high density to non-developable land. Land uses also include the full range which includes open space, rural living, and residential. There are Williamson Act contracts in the sphere area which have open space and agricultural functions that will remain for a minimum period of ten years. The majority of the sphere area is a combination of vacant lands with Rural Living and Resource Conservation land use designations. The specific plan for Lenwood will guide development in the future in this area. A portion of the sphere is managed by the Bureau of Land Management, the Stoddard Valley Off-Highway Recreation Area. District

staff has indicated that there are no plans contemplated that would affect Stoddard Wells. The landownership breakdown of the community is as follows:

Land Owner	Sq Miles	Percentage
Private	120.1	65%
US Bureau of Land Management	57.9	31.3%
Military	6.7	3.6%
State Lands--State Lands Commission	0.1	0.1%
Total	184.8	100.0%

Present and Probable Need for Public Facilities and Services

In the unincorporated sphere area, the present need for municipal services is minimal since it is predominantly vacant land. Given the anticipated growth within the sphere territory, residential projects will require water along with all other municipal level services.

The need for providing a supplemental water supply for new development that cannot be served by the community's principal water supplier, Golden State Water Company, was one reason for seeking the special legislation to establish the District. The District has indicated only in the event that Golden State Water Company cannot serve the community's needs would the District engage in retail water services.

Present Capacity of Public Facilities and Adequacy of Public Services

The District does not operate any public facilities at this time. In the sphere area there is some retail water provided by other agencies, and there are sparse developments with on-site services such as wells and septic systems.

Social and Economic Communities of Interest

The City is the core of the social and economic community of interest for the Barstow community. Within the unincorporated sphere, there are four distinct social communities: Barstow Heights, Hinkley, Grandview, and Lenwood. The Odessa Water District Act ties the District's boundaries to those of the City. The economic driver for the community is transportation, as the community is a transportation junction. The community is within the Barstow Unified School District except for a small portion on the east that extends into the Silver Valley Unified School District.

BARSTOW FIRE PROTECTION DISTRICT
Municipal Service Review and Sphere of Influence Update

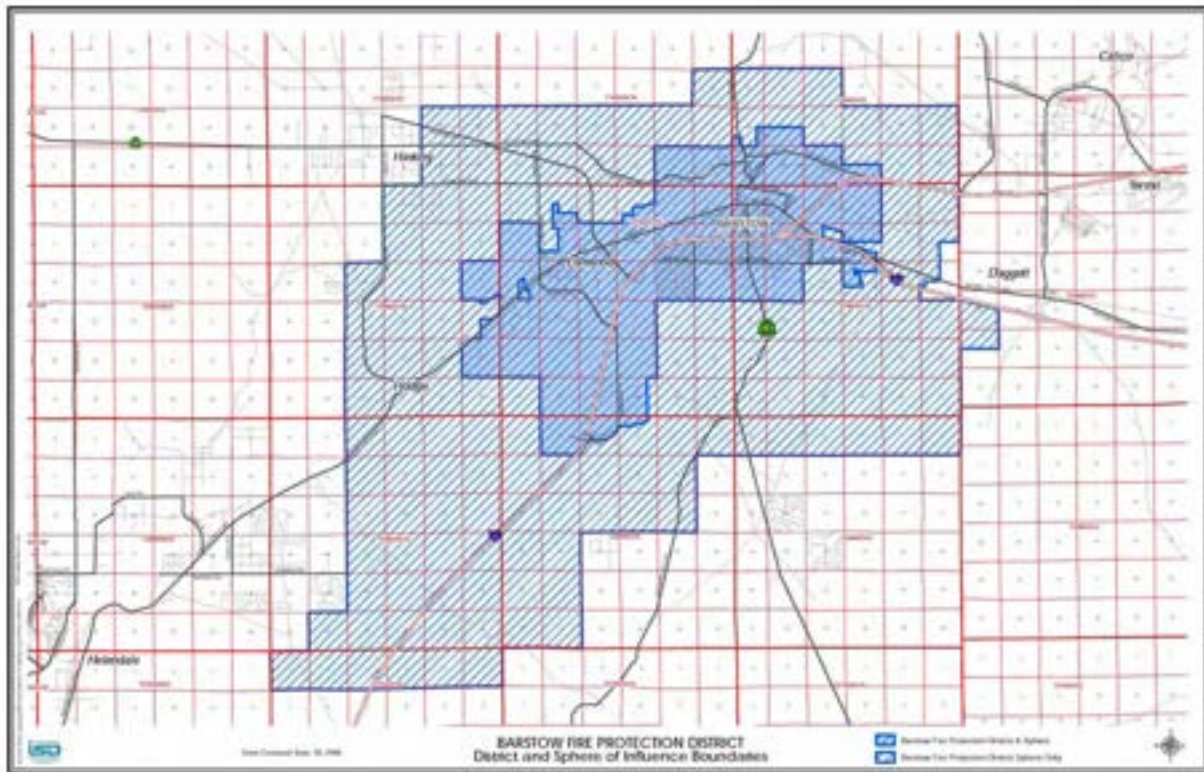
INTRODUCTION:

LAFCO 3032 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence update to include a sphere modification pursuant to Government Code 56425 for the Barstow Fire Protection District (District). The District's response and supporting materials are included as Attachment #6 to this report and are briefly summarized in the information below.

The District is an independent special district formed in 1926 and reorganized in 1962 under the "Fire Protection District Law of 1961". It currently operates under the Fire Protection District Law of 1987, Health and Safety Code Section 13800 et seq. The purpose of the District is to provide fire protection and emergency medical response services within the City of Barstow. The District comprises approximately 60 square miles and its sphere of influence extends an additional 125 square miles. The District's sphere of influence is coterminous with that of the City of Barstow and the Odessa Water District. The District is currently authorized by LAFCO to provide fire protection services (suppression, prevention, structural, watershed, first aid, rescue, paramedic, and ambulance).

BOUNDARIES:

The District has a different boundary than the City of Barstow, being approximately 15 square miles larger than the City, but its sphere of influence is coterminous with the City's sphere. The service review and sphere study area includes the City area and the unincorporated communities of Barstow Heights, Hinkley, Grandview, and Lenwood. The study area is generally located southwest of Fort Irwin, west of the Daggett community and northeast of the Town of Apple Valley and City of Victorville. Below is a map of the District's current boundaries and sphere, a copy of which is also included as a part of Attachment #6.



MUNICIPAL SERVICE REVIEW SUMMARY

The Barstow Fire Protection District (District) prepared a service review consistent with San Bernardino LAFCO policies and procedures. The District's response to LAFCO's original and updated requests for materials includes, but is not limited to, the District's budgets and audits and excerpts from its 2007 Master Plan Update.

Growth and population projections for the affected area.

The District's sphere of influence is coterminous with the City's sphere, but its boundaries are not coterminous with the City. The District's boundaries include the communities of Lenwood and Barstow Heights as well as the majority of the City (the District does not include the Marine Corps Base at Nebo).

District Boundaries

Utilizing the growth forecast for transportation analysis zones, as identified in the Southern California Association of Government (SCAG) 2008 Regional Transportation Growth Forecast, the District's 2007 population was 30,524 and the population projections are as follows:

2010 – 30,524	2025 – 43,097
2015 – 32,298	2030 – 46,615
2020 – 36,116	

Waterman Junction

Waterman Junction is anticipated to be a master planned community located west of Interstate 15 between Stoddard Mountain and Lenwood Roads. The planned area would include lake and golf courses and encompass 7,350 acres with 500 acres set aside for potential business 150 acres for educational purposes. The development could add up to 25,000 homes (67,000 people) in the next 20 to 30 years.

The development is still in the planning stages and needs an environmental impact report. The City is anticipated to develop a specific plan for the area, and the developers envision eventual annexation to the City and the Barstow Fire Protection District, which would require LAFCO approval. The project was originally scheduled to break ground in 2010 but is currently on hold while the developer waits until the housing market rebounds¹⁶.

If the entirety of the development comes to fruition and the area is successfully annexed to the City and the District, the development would add approximately 67,000 persons to the SCAG projection of 38,571, for to a total of 105,571.

Sphere of Influence

Utilizing the growth forecast for transportation analysis zones, as identified in the Southern California Association of Governments 2008 Regional Transportation Growth Forecast, the District's population projections are as follows:

2010 – 11,004	2025 – 12,945
2015 – 11,713	2030 – 13,786
2020 – 12,280	

Historical trends indicate low growth in the community in comparison with other urban regions of the North Desert region of the County. However, there are planned developments anticipated in the future such as the Waterman Junction development. These future projects will increase the need for public services within the existing District boundaries as well as within the unincorporated sphere area. However, the single most tangible factor that would limit growth will be the availability of water.

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

Fire Master Plan

With a current ISO rating¹⁷ of 4 in the urban area and 9 in the rural areas, the District utilizes its Fire Master Plan to plan for future facilities and service. The District updated the

¹⁶ Aaron Aupperlee, "Housing Slump Stalls Waterman Junction Project," Victorville Daily Press, 11 June 2008, Local News.

¹⁷ According to ISO's website (www.isomitigation.com – Accessed May 16, 2008), Class 1 represents exemplary fire protection, and Class 10 indicates that the area's fire-suppression program does not meet ISO's minimum criteria.

Plan in 2007 and recommends the expansion of fire facilities and addition of personnel. The Plan takes into account future growth within the District as well as the developments in the sphere of influence. The District's immediate and short and long-term goals are identified in the 2007 Master Plan and are included as a part of Attachment #6.

Stations and Personnel

Currently, the District employs six full time firefighters on three shifts, protecting approximately 40,000 residents and a transient population of more than 100,000 per day. The District owns three stations and two are operational:

- Station 361, located at 861 Barstow Road, was build in 1978 and District staff indicates that it is in good condition, but has the maintenance costs associated with an older structure.
- Station 362, located at 29780 Old Highway 58, was built in 1980. Due to budget and staffing constraints, the station is inactive.
- Station 363, located at 2600 West Main Street, was built in 1998 and is in excellent condition.

Each station maintains a full time staff of three firefighters per shift. For backup, there are 20 paid-call firefighters who respond when available with an additional engine, truck, or water tender. The fire trucks are capable of providing 1,000 to 1,500 gallons of water per minute. The two staffed engines are also medic engines, which mean they carry a paramedic firefighter and equipment to provide advanced life support services.

The District's sphere is within the jurisdiction of County Fire and its North Desert Service Zone. Within the sphere, County Fire is responsible for fire service and operates out of one paid-call fire station. Station 125 is in Hinkley at 37284 Flower Road.

Emergency Calls and Response Times

The District reported 3,424 responses in 2004, 4,055 in 2005, and 4,080 in 2006. The type of emergency calls received is of significance. Only 11.7% of the responses in 2005 were fire related emergencies. In the same year the District responded to 2,453 emergency medical calls which equal approximately 60% of the responses. Given the number of calls and the size of the District, present equipment and personnel will soon be stretched beyond acceptable limits.

Additionally, response to the other station's response area occurs almost on a daily basis because the primary engine was responding to another emergency. In 2005 Station 361 responded into Station 363's response area 48 times, and Station 363 responded 458 times into Station 361's response area.

Commercial and industrial growth is also increasing with the projects along Lenwood Road, North of Main Street and along Commerce Parkway. A concern of the District is the distance from these projects to existing fire stations. The District recognizes that two fire

stations are able to provide adequate service at this time; however, additional stations are needed to meet future growth. To address new growth in these areas, the District states it will need to add multiple rescue units and construct seven new fire stations by 2037.

There are some remote areas of the District that cannot be reached within a five to seven minute response time (industry standard). This is due to natural and manmade geographical obstructions: the freeways, Mojave River, and railroad tracks form some of these obstructions. Currently, the District is able to supply six personnel on most calls within 5-10 minutes and a truck within 10-15 minutes. The District has mutual aid agreements with the Fort Irwin Fire Department, County Fire, Daggett Community Services District, Marine Corps Logistics Base, and the Bureau of Land Management – Barstow. The Marine Corps Logistics Base can be on scene in 5-10 minutes and engines from other jurisdictions can be on scene within 30-40 minutes.

Ambulance

The District does not provide transportation of the sick or injured and, except for extreme emergencies, is precluded from doing so by direction of state law. Transportation is accomplished through the assignment of exclusive operating areas to existing transport agencies by the Inland Counties Emergency Management Authority (ICEMA). The agencies currently assigned are Desert Ambulance for ground transport and Mercy Air Ambulance for air transport. Sheriff's Air Rescue, California Highway Patrol Air 80, and the military may be utilized in extreme emergencies or where air rescue is needed.

Infrastructure Needs or Deficiencies

According to the Master Plan, the District's staffing is about 50% of what it should be. The Master Plan refers to a report that the District commissioned in 2007 that projects that growth in the Barstow area will require an additional 66 firefighters within the next twenty years¹⁸.

As the number of responses continues to increase, the capability of the District to provide adequate services is greatly diminished. Staffing levels are lower than they were in 1986, but call volume has more than doubled. In 2006 there were 812 occurrences when both engines were busy at the same time. This number does not include fire or other responses where both engines were dispatched to the same call. What this means is that approximately 20% of the time the District had no resources available for response. This figure will continue to rise without additional apparatus and personnel.

Below is the Executive Summary from the 2007 Master Plan:

"After extensive study and analysis, in preparation of this master plan, the following conclusions are made.

We studied predicted response times and geographic coverage areas. Upon analysis of resource deployment and the geographic areas expected to receive coverage from fire

¹⁸ Revenue and Costs Specialists. "Fire Suppression Facilities Development Impact Fee Calculation and Nexus Report and Master Facilities Plan for the Barstow Fire Protection District" (September 2007).

units responding to an incident, it was revealed that the Barstow Fire Protection District does not deploy sufficient personnel and apparatus and fails to meet performance objectives described in current industry standards.

Specifically, the following analysis of the Barstow Fire Protection District concludes that:

The Barstow Fire Protection District needs to increase the number of personnel on staffed apparatus to improve safety and effectiveness for fire suppression. This would allow us to meet the staffing objectives and standards within NFPA [National Fire Protection Association] 1710, Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Career Fire Departments.

The Barstow Fire Protection District should deploy additional apparatus from the Headquarters Fire Station at 861 Barstow Road. This will reduce response times in the coverage area for that station by decreasing the distance another apparatus would travel during concurrent or cued calls. This will also reduce the number of times when there are no units available due to a second call occurring while the first unit is still on the initial call. Currently, 20% of the incidents result in both full time engines being unavailable if there were a third incident.

Financial ability of agencies to provide services.

Revenues

The primary source of income is the District's share of the one percent general levy, which represents 75% of total revenues. In previous years, property tax has accounted for up to 92% of total revenues. Because the District relies heavily on its share of the general levy, with all other things being equal, expenditures will increase at a faster rate than revenues. Without additional revenue sources, the District will face challenges in adding new facilities and purchasing new equipment as outlined in the 2007 Master Plan.

On the November 2008 ballot is a measure to impose an additional 3/4 cent sales tax within City limits to pay for increased staffing and equipment for the City Police Department and the Barstow Fire Protection District. The proposed tax would be split 69 percent for fire and emergency medical response services and 31 percent for police. According to the County Registrar of Voters website, passage of this measure requires a 2/3 majority vote.

Other sources of revenue include redevelopment pass through, fees and charges, and grants. The District receives approximately \$45,000 per year from redevelopment pass through funds. The redevelopment area in Barstow will not expire for roughly 20 years.

However, the District does not currently receive development impact fees from either the City of Barstow or the County. At the time of this writing, the City of Barstow has approved an amendment to its Municipal Code to collect fire impact fees. As for County development fees, LAFCO staff recommends that the District contact County representatives to incorporate conditions of development for impact fees to the District.

Expenditures

Expenditures are comprised of salaries and benefits (83%), maintenance and operations (12%) and apparatus (5%). This ratio of expenditures has been relatively constant for the past four years but fluctuates dependent upon capital purchases and improvements.

Estimated Cost of Enhanced Services

The 2007 Master Plan and the District's response to LAFCO's requests for information indicate that the District is understaffed and lacks the proper equipment. Outlined in the 2007 Master Plan are the estimated costs if the District is to realize full staffing and equipment through 2027. Below are the costs as identified in the Master Plan:

ESTIMATED COSTS				
YEAR	ADDED PERSONNEL	ADDED PERSONNEL COST (Annually)	ADDED CAPITAL COSTS	TOTAL ADDED COSTS
2007-2012	64	\$7,244,600	\$11,748,016	\$18,992,616
2013-2017	33	3,695,850	14,462,104	18,157,954
2018-2022	46	5,090,378	14,851,168	19,941,546
2023-2027	6	455,648	250,000	705,648
TOTAL	149	\$16,486,476	\$41,311,288	\$57,797,764

Status of, and opportunities for, shared facilities.

The District does not share any fire related facilities with other agencies but states that it is open to the idea in order to reduce costs. The only shared facility identified was the use of the City of Barstow's council chambers for board meetings.

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

Local Government Structure and Community Service Needs

The District is an independent, self-governed special district and is comprised of five board members elected at large to four-year staggered terms. Below is the composition of the current board, their positions, and terms of office:

Board Member	Title	Term
Ruben Arredondo	Director	2008
Dallas Harris	Clerk	2008
Paul Courtney	Chairman	2010
Barbara Hackbarth	Director	2010
Ben Rosenberg	Director	2010

Board meetings are held at the City of Barstow Council Chambers on the second Thursday of the month at 7:00 p.m. The District's hearings are broadcast live on the local public access station.

Operational Efficiency

Operational efficiencies are realized through several joint agency practices, for example:

- The District contracts its emergency dispatching to the Regional Fire Protection Authority, a joint powers authority. The District is not a member of the JPA but contracts with the Authority for dispatching service.
- The District is a member of the Public Agencies Self-Insurance System (PASIS), a joint powers authority of eight California cities and districts, for the purpose of pooling the risk for workers compensation insurance with those of other member cities and districts.
- The District has assisted the Daggett, Newbery, and Yermo Community Services District in obtaining grants for safety gear, auto extraction equipment, and communications equipment.

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

The District provides for service outside its boundaries through automatic and mutual aid agreements. The District has mutual aid agreements with the Fort Irwin Fire Department, County Fire, Daggett Community Services District, Marine Corps Logistics Base, and the Bureau of Land Management – Barstow.

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- County Fire as responsible entity for fire protection. In this option the District is either dissolved or consolidates with County Fire. Either way, County Fire and its North Desert Service Zone become the responsible entity for fire protection. In

the materials provided for this review, District staff indicates that County Fire could not financially provide the same level of service for the same per unit cost. While there are benefits to regionally providing services such as fire protection and potential economies of scale that could be achieved, neither the District nor the City has indicated support for this option. City support would be required in order for a Board-governed entity to overlay City territory.

LAFCO staff would not support this option, at least at the present time, since the administrative steps required for fulfilling the reorganization of County Fire have only just begun and they need some time to be resolved. Therefore, in the staff opinion those issues would need resolution before undertaking any discussion of additional service responsibilities for the San Bernardino County Fire Protection District beyond its existing service territory.

- Subsidiary district of the City of Barstow. The District does not qualify for subsidiary district status since it does not meet the threshold of at least 70% of the District's boundaries being within the City of Barstow.
- Maintenance of the status quo. At this time, the District is not requesting any changes to its governmental structure, and as a part of this review LAFCO staff is not recommending any changes in structure.
- Expansion of the District to encompass the area of the three communities to the east (Daggett, Newberry, and Yermo). This option would normally not be discussed since Barstow is defined as its own separate community by the Commission. However, it was discussed as an option by the District (although it did not recommend this option) and warrants further discussion.

Consolidation of the fire functions of the three community services districts with that of the Barstow Fire Protection District would create a regional fire provider. This type of service is regional in nature due to the requirement that mutual aid be provided. However, in order for this option to be viable, the District would need to expand its jurisdiction through a sphere of influence expansion and annexation to become the responsible entity to provide fire protection as well as removal of the fire protection powers of the three community services districts. The District would then succeed to the property tax revenues attributable to fire protection of the three community services districts. Neither LAFCO staff nor District staff recommends this option at this time due to financial considerations outlined above.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission modify the District's sphere of influence as outlined in the Community Discussion section of this report to exclude the Stoddard Valley Off Highway Recreation Area, include the remainder of the Hinkley community as defined by the boundaries of CSA 70 Zone W, and affirm the remainder the City's sphere.

LAFCO staff also recommends that the Commission affirm the function and services provided by the District as follows:

FUNCTIONS

Fire Protection

SERVICES

Suppression, prevention, structural, watershed, first aid, rescue, paramedic, and ambulance

The District's boundary currently encompasses approximately 60 square miles, and its sphere extends an additional 125 square miles. The District's submitted materials have indicated that no modification to the existing sphere is currently anticipated.

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, the District is authorized the function of Fire Protection. Neither the staff of LAFCO nor the District proposes any changes to the District's authorized functions and services. Therefore, staff recommends that the Commission affirm the District's authorized functions and services as outlined above.

FACTORS OF CONSIDERATION:

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

Present and Planned Uses

Overall, the District's boundaries and sphere include the full range of densities from high density to non-developable land. Land uses also include the full range which includes open space, rural living, and residential. There are Williamson Act contracts in the sphere area which have open space and agricultural functions along the Mojave River. The majority of the sphere area is a combination of vacant lands with Rural Living and Resource Conservation land use designations and sparsely developed areas. The City's specific plan for Lenwood will guide development in the future in this area. A portion of the sphere is managed by the Bureau of Land Management, the Stoddard Valley Off-Highway Vehicle Recreation Area. The landownership breakdown of the community is as follows:

Land Owner	Sq Miles	Percentage
Private	120.1	65%
U.S. Bureau of Land Management	57.9	31.3%
Military	6.7	3.6%
State Lands - State Lands Commission	0.1	0.1%
Total	184.8	100.0%

Present and Probable Need for Public Facilities and Services

At this time, the District is meeting the needs of the community. Currently, roughly two-thirds of the densely populated areas of the District fall within 2.5 miles of the two staffed stations. However anticipated growth is occurring in areas outside the desired response radius of these stations. In order to reduce travel time and allow for the necessary second responses, additional staffed stations should be built in those areas, most likely in the southern portion of the District, and additional units should be staffed at those stations where there is a high incidence of simultaneous calls or cued call volume.

As the incorporated and unincorporated areas of the District continue to develop, the need for increased levels of fire protection will place an increasing burden on the District. In order to meet future demands, revenues must increase at the same pace as development and growth. Increased revenues will allow the District to increase full-time staffing and provide for additional fire fighting apparatuses.

Present Capacity of Public Facilities and Adequacy of Public Services

Staffing levels, facilities, and equipment meet the current needs of the community through full-time and paid-call employees. The District has a current ISO rating¹⁹ of 4 in the urban area and 9 in the rural areas. County Fire operates from one station in Harvard to serve the northern sphere area and out of the Helendale state for the southern sphere area.

There are some remote areas of the District that cannot be reached within a five to seven minute response time. This is due to natural and manmade geographical obstructions: the freeways, Mojave River, and railroad tracks form some of these obstructions. Currently, the District is able to supply six personnel on most calls within 5-10 minutes and a truck within 10-15 minutes.

As the number of responses continues to increase, the capability of the District to provide adequate services is greatly diminished. Staffing levels are lower than they were in 1986, but call volume has more than doubled. In 2006 there were 812 occurrences when both engines were busy at the same time. This number does not include fire or other responses where both engines were dispatched to the same call. What this means is that approximately 20% of the time the District had no available full time resources. This percentage figure will continue to rise without additional apparatus.

To provide the District with additional revenues to help adequately support police protection, on the November 2008 ballot is a measure to impose an additional 3/4 cent sales tax within City limits to pay for increased staffing and equipment for the City Police Department and the Barstow Fire Protection District. The proposed tax would be split 69 percent for fire and emergency medical response services and 31 percent for police.

¹⁹ According to ISO's website (www.isomitigation.com – Accessed May 16, 2008), Class 1 represents exemplary fire protection, and Class 10 indicates that the area's fire-suppression program does not meet ISO's minimum criteria.

Social and Economic Communities of Interest

The City of Barstow is the core of the social and economic community of interest for the Barstow community. Within the unincorporated sphere, there are five social communities: Barstow Heights, Hinkley, Hodge, Grandview, and Lenwood. The economic driver for the community is transportation and its services, as the community is a transportation junction. The community is within the Barstow Unified School District except for a small portion on the east that extends into the Silver Valley Unified School District.

BARSTOW HEIGHTS COMMUNITY SERVICES DISTRICT
Municipal Service Review and Sphere of Influence Update

INTRODUCTION:

LAFCO 3011 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Barstow Heights Community Services District (District). The District's response and supporting materials are included as Attachment #7 to this report and are briefly summarized in the information below.

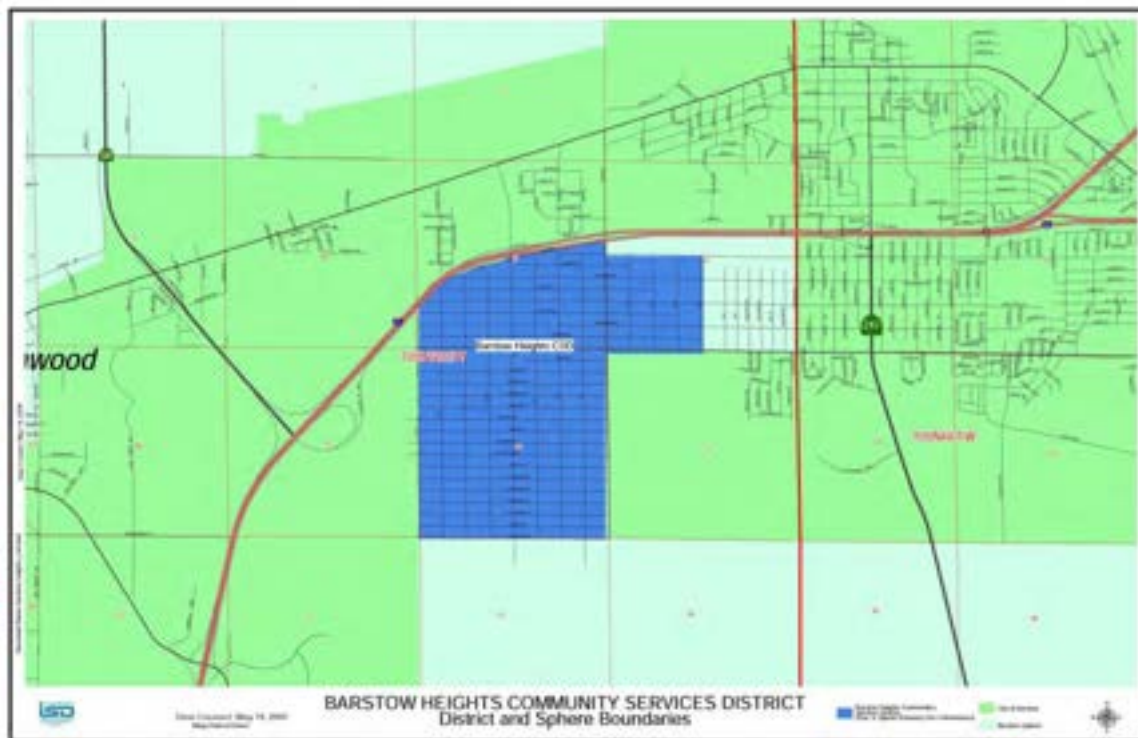
The District is an independent special district formed in 1957 following approval by the County of San Bernardino Board of Supervisors and the electorate. The District's formation document authorized it to provide a range of services which included water, sewage and storm water disposal, garbage disposal, fire protection, park and recreation, streetlighting, mosquito abatement, and police services. However, the District did not perform all of the services authorized at its formation. The following is a chronology of the District's authorized powers since its formation.

- In 1976, the District participated in the election to seat Special Districts on the Commission and responded to LAFCO's request to list the Agency's active functions and services that was a part of that consideration. The District responded that it provided water, roads, and park and recreation.
- In 1988, the District formed an assessment district to pave the majority of the roads within its boundaries. The roads in hilly areas were excluded from the assessment district due to the expense of paving and maintenance. In 1989, the paved roads within the District were accepted into the County maintained road system. This transferred the responsibility for road maintenance from the District to the County for all those roads improved through the assessment district. To reduce its liability insurance, the District requested, and LAFCO approved, the removal of its road maintenance powers as an active function and service in 1990 (LAFCO 2593), to recognize this transfer of service responsibility.
- Pursuant to the 2006 re-write of Community Services District law, those services that LAFCO determined that a district did not actively provide prior to January 1, 2006 were to be designated as a "latent power". In response to LAFCO staff's request, the District indicated that it did not provide retail water service. The District is currently authorized by LAFCO to provide park and recreation services, as its only active function.

As discussed further in this report, LAFCO staff is recommending the Commission assign a zero sphere of influence for the District. The basis for LAFCO staff's recommendation is that the District does not actively maintain the two parks it owns. The City of Barstow provides the maintenance services, at no cost, as a condition of it succeeding to the former Barstow Park and Recreation District contract with the CSD.

BOUNDARIES:

The District's boundaries have not been altered since its formation and comprises approximately two square miles. Its sphere of influence is coterminous with its boundaries. Below is a map of the District's current boundaries and sphere, which is also included as a part of Attachment #7, which are entirely within the sphere of the City of Barstow. The District is bordered by City boundaries on its western and north boundaries. The study area is generally bordered by a combination of Interstate 15 and Armory Road on the north, a combination of D Street and H Street on the east, a combination of Linda Vista avenue and Rimrock Road on the south, and P Street on the west.



MUNICIPAL SERVICE REVIEW SUMMARY

The District prepared a service review consistent with San Bernardino LAFCO policies and procedures. The District's response to LAFCO's original and updated requests for materials includes, but is not limited to, the District's budgets and audits.

Growth and population projections for the affected area.

According to the Southern California Association of Governments (SCAG), the 2000 population for the area was 1,862. Anticipated growth within the District is anticipated to be minimal. The vast majority of the area is assigned a San Bernardino County General Plan land use designation of RS-1 (Residential Single – minimum one acre lot size). The character of the District is rural with most of the parcels being either 2 ½ acre or 1 ¼ acre,

and there is the potential for parcel splits. Utilizing the growth forecast for transportation analysis zones, as identified in the SCAG 2008 Regional Transportation Growth Forecast, the District's population projections are as follows:

2010 – 1,910	2025 – 2,294
2015 – 2,181	2030 – 2,528 (roughly one unit per acre)
2020 – 2,271	

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

The District owns two parks, Panamint Park and H Street Park. Panamint Park contains open fields and playground equipment that was purchased in 2005. H Street Park contains playground equipment, picnic tables, basketball court, and the District office. Recreation programs and services are not provided by the District or the City at these locations. The District does not have an adopted Park Master Plan to utilize for this report.

Although it owns the parks, it does not actively provide park maintenance or upkeep. When Barstow Park and Recreation District was dissolved in 2004, the City succeeded to its contract with the Barstow Heights Community Services District. Pursuant to the contract, the Barstow Park and Recreation District was to provide maintenance for the Barstow Heights Community Services District's two parks at no cost. The impetus for the contract was that the area was overlain by two entities that performed park and recreation service, the CSD and the Park District. According to the District's general manager, the two agencies felt obligated to assist the taxpayers since two agencies received a share of the general property tax levy for park and recreation services. The agreement reached was a ten year contract for the Barstow Park and Recreation District to provide maintenance of the District's two parks at no cost. The City now performs this service and the contract is due to expire in 2010. City representatives have provided LAFCO with written confirmation that it intends to renew the contract before its expiration in 2010 to continue providing maintenance to the District's parks at no cost.

The District's parks comprise approximately five acres. Pursuant to the Quimby Act, a minimum of three acres per thousand population should be dedicated for recreational and/or open space purposes. Utilizing the estimated 2000 population and total developed park acreage, the District is below the Quimby Act standard by approximately 0.5 acres.

Financial ability of agencies to provide services.

As shown in the chart below, the District's primary source of revenue is through its share of the general ad valorem tax levy, and it receives a small amount from investment earnings and service charges. Expenditures are limited to salaries and benefits and materials and services. Based on these revenues and expenditures, the District receives revenues in excess of expenditures each year. However, when capital purchases are necessary, the change in fund balance can be negative. As outlined above, the District does not pay for maintenance costs. If the District were to pay for the maintenance of its two parks, it would incur additional expenditures and begin to experience financial challenges.

General Fund Activity (before reconciliation)

Activity	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Revenues					
Property Taxes	\$42,536	\$45,387	\$56,736	60,000	60,000
Investment Earnings	1,579	2,140	3,700	4,000	4,000
Charges for Services	2,400	2,856	149	0	0
Other Revenue	0	0	3,120	0	0
Total Revenues	46,515	50,383	63,705	64,000	64,000
Expenditures					
Personnel	11,432	13,010	10,321	9,500	12,000
Materials and Services	17,648	16,863	15,244	19,680	28,000
Capital Outlay	66,095	120	15,100	28,820	40,000
Total Expenditures	95,175	29,993	40,665	58,000	80,000
Change in Balance	(48,660)	20,390	23,040	6,000	(16,000)
Fund Balance	\$139,925	160,315	183,355	* 189,355	** 173,355

sources: Audits for FY 2004-05 through FY 2006-07
Budgets for FY 2007-08 and FY 2008-09

* Year-end estimate
** Calculated by LAFCO staff

The District administered a road assessment district from 1988 (when it received funds for this service through the sale of bonds) until the bonds matured on September 2, 2006, two years earlier than the original bond issuance maturity date. The original bonds were for \$2,587,001.

Status of, and opportunities for, shared facilities.

The District does not expressly share its parks with the City of Barstow; however, the City does maintain the parks through contract and includes the parks on its listing of community parks.

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

Local Government Structure and Accountability for Community Service Needs

The District is an independent, self-governed special district and its Board of Directors is comprised of five board members elected/appointed at large to four-year staggered terms. Within the past 10 years, there has been one election, which took place in 2007. The other members have been appointed rather than elected. The lack of elections can be attributed to the size of the District and number of residents and the need to eliminate the cost of conducting elections. Below is the composition of the current board, their positions, and terms of office:

Board Member	Title	Term
Carole Hammock	Director	2009
Stephen King	Director	2009
Dick Jacobs	President	2011
Barbara Kelley	Vice President	2011
Daryl Schemed	Director	2011

Board meetings are held at the Community Building on every fourth Monday at 6:00 p.m. Office hours are 8:30 a.m. - 12:30 p.m. every Tuesday, Wednesday, and Thursday. Once a year a newsletter is provided to residents. The District fulfills its legislative requirement of submitting its annual audits and budgets to the County Auditor. Staffing includes one general manager.

Article XIII B of the State Constitution (Gann Limit²⁰) mandates local government agencies to establish an appropriations limit, which is further acknowledged by Govt. Code § 61113. A review of the District's financial documents and confirmation from the District staff indicates that the District does not have nor has it ever adopted an appropriations limit. Without an appropriations limit, agencies are not authorized to expend the proceeds of taxes. Section 9 of this Article provides exemptions to the need for an appropriations limit. Specifically, Section 9 (c) exempts the appropriations limit for special districts which existed on January 1, 1978 and which did not levy an ad valorem tax on property in excess of 12 ½ cents per \$100 of assessed value for the 1977-1978 fiscal year. However, the tax rate for the District for FY 1977-1978 was \$1.17 cents per \$100 of assessed value. Being over the 12 ½-cent tax rate, the District did not qualify for an exemption of the appropriations limit. Nor does research by LAFCO staff indicate the District qualifies for any other exemption under Section 9. Therefore, the District falls within the requirements of Article XIII B of the State Constitution and must have an appropriations limit. A copy of the FY 1977-1978 property tax rates, with Barstow Heights CSD highlighted for reference, is included as Attachment #7.

LAFCO staff notified the District Board and general manager of the requirement for an appropriation limit. The District, at the meeting, provided its verbal intent that it will look into the mechanism necessary to establish an appropriations limit to bring into compliance with the State Constitution.

Operational Efficiency

Operational efficiencies are realized through a joint agency practice with the City of Barstow. The City of Barstow provides maintenance for the two parks when it succeeded to the contract of the former Barstow Park and Recreation District. Risk management is provided by the Special Districts Risk Management Authority (SDRMA) of the California Special Districts Association.

²⁰ In 1979 the voters amended the California Constitution by passing Proposition 4 (the Gann Initiative), requiring each local government to set an annual appropriations limit (the Gann Limit).

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

The District does not provide service by contract outside of its boundaries. However, the City of Barstow provides maintenance to the two parks when it succeeded to the contract of the former Barstow Park and Recreation District. The City has provided LAFCO with written confirmation that it intends to renew the contract before its expiration in 2010.

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Expansion of the District to encompass the whole of the Barstow Heights community. This area is less than one square mile and there is no evident benefit in doing so. Further, the area used to be in the boundaries of the former Barstow Park and Recreation District. When the former district dissolved, the City of Barstow became the successor agency for park services and the former district's share of the general ad valorem levy was transferred to the City.
- Dissolution of the District. It is important to note that LAFCO cannot initiate an annexation of the district territory to the city. Dissolution of the District could occur in three ways:
 - o The City of Barstow could submit an application to annex the boundaries of the District. Such an application would be processed to include either the dissolution of the District or the establishment of the District as a subsidiary district of the City. In either case, the City becomes the agency responsible for park and recreation service. If the District becomes a subsidiary district of the City, then the revenues and taxes generated by the District would stay within its boundaries and they would have to be budgeted and accounted for separately. The City Council would then govern the subsidiary district as the ex-officio board of directors.

- o The District or an affected local agency, as defined by Gov Code Section 56014²¹, could submit an application to dissolve the agency. The affected local agency would have to submit a plan for services as to how park and recreation services would be provided. If this option were to occur, the most likely service provider would be the City of Barstow with the area remaining in unincorporated County jurisdiction. This option would be similar to the dissolution of the Barstow Park and Recreation District, where the City provides park and recreation services outside of its boundaries.
- o The residents of the area could petition LAFCO to provide for one of the changes outlined above.

In 1994, AB 1335 gave LAFCO the authority to initiate reorganizations of special districts. In response to this new legislative authority, San Bernardino LAFCO drafted a list of 30 potential reorganizations that were possible under these provisions. Dissolution of the District with the City as the successor was one of the potential reorganizations discussed. These concerns were expressed in 1994 and are expressed by LAFCO staff as a part of this review. In the long-run, LAFCO staff recommends this option based on the following reasons:

- o The District's facilities are maintained by the City of Barstow.
 - o If the District were to pay for maintenance of its two parks, it would incur additional expenditures and begin to experience financial challenges.
 - o The District does not comply with the State Constitution and CSD law by operating without an appropriations limit.
 - o The District was a multi-function district that provided water, roads, and park services. The district has devolved over time and today only provides park and recreation services through a contract with City. There is no issue in CSD law with a CSD performing only one service, but the only existing function is the function of the former district that overlaid it (Barstow Park and Recreation District).
- Maintenance of the status quo. In this option, there are no changes to the District. LAFCO staff does not recommend this option based on the reasons outlined above.
 - Assign the District a zero sphere of influence. As a part of this review, LAFCO staff is recommending a zero sphere designation based on the reasons outlined above and in the sphere of influence section of this report which follows.

²¹ Government Code Section 56014: "Affected local agency" means any local agency which contains, or would contain, or whose sphere of influence contains, any territory within any proposal or study to be reviewed by the commission.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission assign a zero sphere of influence for the Barstow Heights Community Services District, thereby signaling its desire that the District be dissolved with the City of Barstow as the successor.

LAFCO staff recommends that the Commission affirm the functions and services for the Barstow Heights Community Services District as follows:

FUNCTIONS

SERVICES

Park and Recreation

Maintenance

The District's boundary currently encompasses approximately two square miles, and its sphere and boundaries are coterminous. The District's submitted materials have indicated that no modification to the existing sphere is currently anticipated. However, LAFCO staff recommends that the Commission assign a zero sphere designation for the District based on the following reasons:

- o The District's facilities are maintained by the City of Barstow.
- o If the District were to pay for maintenance of its two parks, it would incur additional expenditures and begin to experience financial challenges.
- o The District does not comply with the State Constitution and CSD law by operating without an appropriations limit.
- o The District was a multi-function district that provided water, roads, and park services. The district has devolved over time and today only provides park and recreation services. There is no issue in CSD law with a CSD performing only one service, but the only existing function is the function of the former district that overlaid it (Barstow Park and Recreation District).

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Neither the District nor LAFCO staff recommends any changes to its currently authorized function and service. Therefore, staff recommends that the Commission affirm the function and service for the District as outlined above.

FACTORS OF CONSIDERATION:

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

Present and Planned Uses

Anticipated growth within the District is expected to be minimal. The vast majority of the area is assigned a San Bernardino County General Plan land use designation of RS-1 (Residential Single – minimum one acre lot size). The character of the District is rural with most of the parcels being either 2 ½ acre or 1 ¼ acre, and there is roughly five percent vacant land. There is the potential for parcel splits, and a small portion of the District is assigned a Neighborhood Commercial land use designation.

Present and Probable Need for Public Facilities and Services

There is a need for park and recreation services within the boundaries of the District, and the District currently meets the need by providing the land and facilities for the parks. However, the City of Barstow provides maintenance of the facilities. Should a dissolution application be processed, the City would succeed to the operations, acquire ownership of the parks, receive its share of property tax revenues and be required to continue to provide the park services.

Present Capacity of Public Facilities and Adequacy of Public Services

Utilizing the estimated 2000 population and total developed park acreage, the District is below the Quimby Act standard by approximately 0.5 acres. The District does not provide recreation classes, does not have an adopted Park Master Plan, and does not have an appropriations limit. If the District were to pay for maintenance of its two parks, it would incur additional expenses and begin to experience financial challenges.

Social and Economic Communities of Interest

Although the area is not within the City of Barstow, the City borders approximately two-thirds of the District. However, some residents may not identify as being part of the Barstow community even though the City is the core of the social and economic community of interest for the entire Barstow community.

COUNTY SERVICE AREA SL-1 (LENWOOD)
Municipal Service Review and Sphere of Influence Update

INTRODUCTION:

LAFCO 3026 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Lenwood portion of County Service Area SL-1. The County Special Districts Department's response and supporting materials are included as Attachment #8 to this report and are briefly summarized in the information below.

BACKGROUND:

County Service Area SL-1 (SL-1) was originally formed in 1965 under the provisions of County Service Area Law, Government Code Sections 25210 et seq., through a consolidation of numerous county service areas in the Valley region of the county providing streetlighting services. In 1974 Tract 7930 in Lenwood was annexed to SL-1 (LAFCO 1485). In 1982 the other streetlighting entity in the area, County Service Area 36, was dissolved and the area was annexed to SL-1 (LAFCO 2143). Both of these areas comprise what is currently identified as the Lenwood portion of SL-1 (hereinafter referred to as Lenwood).

During 2000-01, consideration by the County Special Districts Department of a possible streetlighting reorganization was begun to deal with the mounting budget shortfalls within SL-1 and other streetlighting entities under the County's jurisdiction. To date, no official action has been taken in reference to a possible reorganization.

SL-1 is primarily a streetlighting entity in the Valley region of the County, but it has two areas of responsibility outside of the Valley region. The area of concern for this service review is located in the Lenwood portion of the Barstow community. During the processing for the municipal service review and sphere of influence update for SL-1 in 2005 (LAFCO 2945), Special Districts Department and LAFCO staff determined that the Lenwood portion of SL-1 should be addressed as a part of the Barstow Community service reviews and sphere updates.

LOCATION AND BOUNDARIES:

The Lenwood portion of SL-1 is not part of the sphere of influence assigned SL-1. The study area consists of two separate areas within the City of Barstow sphere of influence:

- Area 1 generally includes the community of Lenwood and is bordered by Agate Road on the north, Western Drive and its natural extension north and south on the east, the existing City of Barstow boundary (a combination of Tower Avenue and its logical extension east and west and parcel lines) on the south, and a combination of the City of Barstow boundary (the Santa Fe Railroad) and Ash Road and its logical extension to the north on the west.

- Area 2 generally includes the parcels on the east and west sides of Torres Avenue, generally north of Lorelli Drive, west of Camarillo Avenue and south of Palermo Street in the area north of Old Highway 58.

A map of Lenwood is shown below and is included as a part of Attachment #8.



MUNICIPAL SERVICE REVIEW SUMMARY

The County Special Districts Department, administrators for board-governed special districts, prepared a service review consistent with San Bernardino LAFCO policies and procedures. The Department's response on behalf of the District to LAFCO's original and updated requests for materials includes, but is not limited to, SL-1's audits and budgets for the entirety of the District and an outline of the streetlights associated with this district.

Growth and population projections for the affected area.

According to the Southern California Association of Governments (SCAG), the 2000 population for the area was approximately 1,319. Anticipated growth within the District is anticipated to be minimal. Utilizing the growth forecast for transportation analysis zones, as identified in the SCAG 2008 Regional Transportation Growth Forecast, the District's population projections are as follows:

2010 – 1,389	2025 – 1,471
2015 – 1,411	2030 – 1,505
2020 – 1,439	

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

Southern California Edison owns the streetlights, and the Special Districts Department administers the District providing for payment of the utility costs for operation of 106 streetlights. There are no plans at this time to increase the number of the streetlights. There is no other service provider for streetlights in the area, and the service is adequately provided. The future need for streetlights will increase as the population grows, dependent upon the implementation of the County's Night Sky Ordinance²² within this portion of the desert. The purpose of the Night Sky Ordinance is to encourage outdoor lighting practices and systems that will minimize light pollution, conserve energy, and curtail the degradation of the nighttime visual environment. There are, however, signal lights atop of the traffic signals that illuminate the intersections maintained by County Transportation. Future developments may require public streetlights for major intersections for public safety purposes.

Financial ability of agencies to provide services.

SL-1 (Lenwood) does not have its own budget or audit. As described earlier, County Service Area SL-1 encompasses many non-contiguous areas within the County. For the purposes of providing a financial review of the Lenwood portion on SL-1, Special Districts Department provided an estimated breakdown of Lenwood's activities for FY 2007-08:

Revenues

Tax Rate Area 56082	\$ 486
Tax Rate Area 56004	\$ 562
Tax Rate Area 56021	\$ 4
Tax Rate Area 56061	\$ 199
Tax Rate Area 56063	\$2,750
Tax Rate Area 56067	\$ 0
Tax Rate Area 56117	\$7,333
Total Revenues	\$11,334

Expenditures

Costs to Southern California Edison	\$10,511
Estimated Share of Administration Costs	\$ 2,500
<u>Estimated Share of Audit</u>	<u>\$ 1,000</u>
Total Expenditures	\$14,011

The estimated breakdown of Lenwood's share of SL-1 indicates an approximate shortfall of \$2,677 annually which is covered by revenues from other areas of SL-1. Given Lenwood's relatively stagnant population and the sole source of revenue being a share of the general levy, expenditures will continue to exceed revenues for the Lenwood portion of SL-1.

²² County of San Bernardino, Development Code Chapter 83.07, Adopted Ordinance 4011 (2007).

Status of, and opportunities for, shared facilities.

Southern California Edison owns the streetlights; therefore, the streetlights cannot be shared. The only service that Lenwood is authorized to provide is streetlights so no other shared facilities can be considered. The Special Districts Department consolidates the administrative operations and facilities for county service areas under the auspices of CSA 70. SL-1 pays an allocated share for administrative facility use and a share of the salary transfers out goes to pay for administrative overhead.

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

Local Government Structure and Accountability for Community Service Needs

The San Bernardino County Board of Supervisors governs SL-1; the Lenwood portion is within the political boundaries of the First Supervisorial District. SL-1 does not have a commission or municipal advisory council. SL-1's budgets are prepared as a part of the County Special Districts Department's annual budgeting process. The annual budget is presented to the County Administrative Office and Board of Supervisors for review and approval. The mandatory annual meeting for SL-1 is held during the review and approval of the budget process, no others are known to have taken place.

Operational Efficiency

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services provided under County Service Area 70. Therefore, SL-1 has no direct employees on its payroll; it pays for a proportional share of salaries and benefits costs necessary to serve it; and it pays a proportional cost of the administrative functions of the County Special Districts Department. One Special Districts Department manager oversees all the county operated streetlight districts and one inspector provides support services. These costs are apportioned to each agency and are identified as part of the departmental staffing cost.

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

LAFCO staff is not aware of any service provided outside of Lenwood's jurisdiction.

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Assign a sphere of influence for the Lenwood portion of SL-1. The County has no plans to expand service in the area. This option is not desirable.
- Expansion of SL-1. In this option, SL-1 is expanded to encompass the remainder of the populated areas within the City of Barstow sphere of influence. This option is not desirable due to the following reasons:
 - o SL-1 currently does not have a sphere of influence assigned in the community.
 - o The majority of the Barstow sphere is vacant lands.
 - o The remaining populated portions do not require streetlights pursuant to the County's Night Sky Ordinance.
- Consolidation with the other streetlighting districts within the unincorporated area of the County. Special Districts Department has recommended in the past to consolidate the districts with only streetlighting powers within the unincorporated area of the County. LAFCO staff has not received any additional information regarding this option from Special Districts Department. Much like the County Fire Reorganization, this would eliminate the need for multiple budgets and combine the revenues so that payments to Southern California Edison would come from a single source. In addition, it would allow for the coordination of streetlight locations as was identified in the service review for County Service Area SL-1.
- Within this area of the Barstow sphere of influence, CSA 70 Zone S-7 exists providing sewer collection and maintenance services. A possibility would be to expand the range of services authorized for CSA 70 S-7 to include streetlighting and transfer the responsibility. In proposing this boundary change there would need to be additional revenues provided to fund the cost of these services.
- Formation of an independent agency. If Lenwood was operated as a stand alone agency, the revenue generated through property taxes would not be sufficient to support the electricity, administration, and operational charges for the district.
- Detachment of the Lenwood portion of SL-1. If LAFCO received an application from the City to annex the area, such an application would be processed to include the detachment from SL-1. If annexed, the City would succeed to the streetlighting responsibility.
- Maintenance of status quo. Special Districts Department has no plans for expansion of the Lenwood portion of SL-1, yet the area has a present need for streetlighting services. LAFCO and Special Districts Department staffs recommend maintenance of its current structure.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission acknowledge the lack of a sphere of influence for the Lenwood portion of County Service Area SL-1 indicating its position that a future a future reorganization is needed to resolve the issue.

LAFCO staff also recommends that the Commission affirm the function and service provided by County Service Area SL-1 as follows:

FUNCTIONS

SERVICES

Streetlighting

Streetlighting

The Lenwood portion of SL-1 comprises approximately 1.5 square miles and is not included in the CSA SL-1 sphere of influence. Neither LAFCO nor Special Districts Department staffs recommend changes to the unsphered nature of the Lenwood portion of SL-1 signaling its position that a future reorganization is needed to resolve this issue.

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, SL-1 is authorized to provide the function of streetlighting. Neither LAFCO nor Special Districts Department staffs propose any changes to SL-1's authorized powers.

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

At present, the land uses of Lenwood include residential, vacant, and some commercial land. The County of San Bernardino has assigned general plan land use designations of Rural Living, Residential Single, with some Residential Commercial. Portions of Lenwood support an urban intensity of land use.

Present and Probable Need for Public Facilities and Services

SL-1 is authorized to provide streetlighting services within its boundaries and operates and maintains 106 streetlights in two separate locations of Lenwood. Currently, the district meets the service needs of those within its boundaries. The future need for streetlights will increase with population growth, as denser developments will require such service while recognizing the limitation of the County's Night Sky ordinance.

The balance of the City's sphere does not have streetlights except for the streetlights within the boundaries of Lenwood and those associated with safety concerns at intersections. This is due to the County's Night Sky Ordinance, which has as its purpose to encourage outdoor lighting practices and systems that will minimize light pollution, conserve energy, and curtail the degradation of the nighttime visual environment. As noted above, there are lights atop of the traffic signals that illuminate the intersections maintained by County Transportation. Future developments may require public streetlights for major intersections for public safety purposes.

Present Capacity of Public Facilities and Adequacy of Public Services

Lenwood provides streetlighting within its boundaries and adequately serves the area. If Lenwood was operated as a stand alone agency, the revenue generated through property taxes would not be sufficient to support the electricity and administration charges for the streetlights.

Social and Economic Communities of Interest

The entirety of Lenwood is within the sphere of the City of Barstow which is the economic and social hub for the community. However, since the area is unincorporated, it is likely that some residents in the area do not believe they share social or economic ties with the City.

COUNTY SERVICE AREA 40 (ELEPHANT MOUNTAIN) Municipal Service Review and Sphere of Influence Update

INTRODUCTION:

LAFCO 3022 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for County Service Area 40. The County Special Districts Department's response and supporting materials are included as Attachment #9 to this report and are briefly summarized in the information below.

BACKGROUND:

In 1965, the County Board of Supervisors and the electorate approved the formation of County Service Area 40 to provide television translator signals. This approval and formation was litigated and in 1968, the California Court of Appeals, Fourth Appellate District, held that a board of supervisors lacked statutory authority to establish a county service area for the purpose of acquiring, maintaining and operating a television translator station.²³ Following the Appellate Court decision, the San Bernardino County Superior Court ordered the dissolution of CSA 40. In 1969, SB 231 (Cologne) added section 25210.4, subdivision (f), to County Service Area Law expressly authorizing establishment of a county service area to provide television translator stations as an extended service. A new application was filed to form County Service Area 40 (LAFCO 792) and the County Board of Supervisors approved the formation.

The original boundaries of CSA 40 were east of the San Bernardino Meridian generally consisting of the communities of Daggett, Yermo, Harvard, and Newberry. In 1973, LAFCO established the sphere of influence for the District to be coterminous with its boundaries (LAFCO 1270). In 1979 its jurisdiction was expanded westward to include the territory of the former County Service Area 70 Improvement Zone TV-1 (LAFCO 1869) which included the City of Barstow, the community of Hinkley and other areas. However, this annexation was not processed with a concurrent sphere expansion since it was not required by law. Therefore, since 1979 the western portion of CSA 40 has not been included in its sphere designation. There has been no direct LAFCO activity since 1979 for CSA 40 until this service review and sphere update; however, during annexations to the City of Barstow the Commission has conditioned its approval on the retention of this CSA within the City's boundaries.

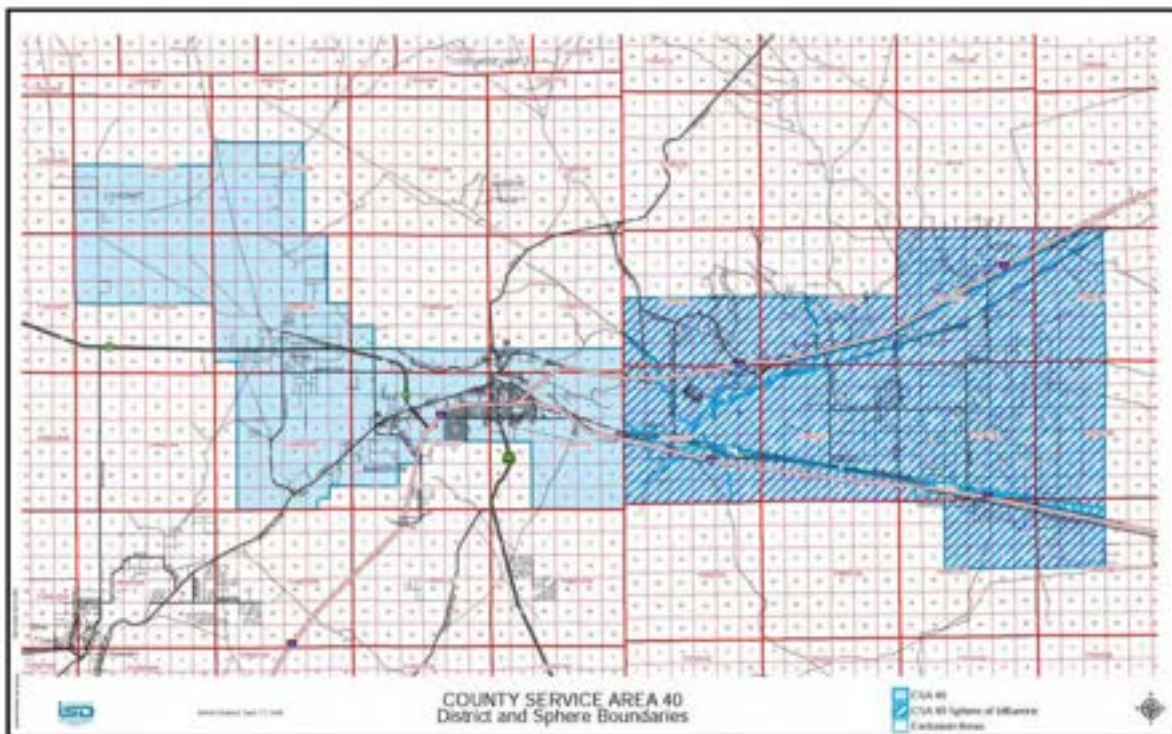
The District is a dependent special district governed by the County Board of Supervisors. Currently, CSA 40 is authorized by LAFCO television translation powers, and the District owns the translator facilities to transmit a low-power television signal. As discussed in this report, LAFCO staff recommends a sphere of influence expansion for CSA 40 to be coterminous with its boundaries and to include additional populated areas to reflect service provided.

²³ Byers v. Board of Supervisors, 262 Cal.App.2d 148, 68 Cal.Rptr. 549.

LOCATION AND BOUNDARIES:

Currently, CSA 40's jurisdiction comprises approximately 416 square miles. The sphere of influence is smaller than its jurisdiction and is wholly within its jurisdictional boundaries. The sphere area consists of approximately 237 square miles and is the portion of the district east of the San Bernardino Meridian line (the line between Ranges 1 West and 1 East) generally the line dividing the communities of Daggett and Yermo from the City of Barstow. CSA 40's sphere includes the exclusion areas of the easements and lands of Southern California Edison, Union Pacific Railroad Company, Pacific Gas and Electric Company, Southwest Gas Corporation, and Atchison Topeka and Santa Fe Railroad Company properties crisscrossing through the agency.

The service review and study area is generally located north of the Stoddard Wells Off Highway Vehicle Recreation Area, east of Section and Half-Section lines, south/southwest of Fort Irwin, and west of section lines on the east which includes territory one mile east of Troy Dry Lake. The District's existing sphere of influence consists of the district territory east of the City of Barstow city limits including the communities known as Daggett, Harvard, Newberry, and Yermo. The study area also includes the communities known as Barstow Heights, Hinkley, Grandview, Lenwood, and Lockhart. A map of CSA 40 is shown below and is included as a part of Attachment #9.



MUNICIPAL SERVICE REVIEW SUMMARY

The County Special Districts Department, administrators for board-governed special districts, prepared a service review consistent with San Bernardino LAFCO policies and

procedures. The Department's response on behalf of the District to LAFCO's original and updated requests for materials includes, but is not limited to, the District's audits and budgets.

Growth and population projections for the affected area.

The District is a combination of mostly rural areas with some urban and suburban pockets. The central populated area is the City of Barstow which has and is anticipated to experience low to moderate growth. The remainder of the District is anticipated to experience low growth. Utilizing the growth forecast for transportation analysis zones, as identified in the Southern California Association of Governments 2008 Regional Transportation Growth Forecast, the District's population projections are as follows:

2010 – 31,382	2025 – 40,185
2015 – 33,821	2030 – 43,512
2020 – 36,951	

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

CSA 40 provides 10 channels of UHF television service broadcast from Elephant Mountain and five channels of VHF television service broadcast from Newberry Springs. The District is licensed by the Federal Communications Commission to transmit 100 watts of radiated power from Elephant Mountain. The District states that the power output enables signal coverage to the entire District. Areas outside the District are able to benefit from the signal broadcast. The signal coverage area is based on power output allowed through the District's FCC license. The District has indicated that it intends to continue operation and maintain transmission for broadcasting purposes.

On February 19, 2009, federal law requires that all full-power broadcast stations broadcast in digital format only. CSA 40 is not required to transition to digital since it broadcasts a low-power signal. At this time, the Federal Communications Commission is only mandating that transmission sites with power outputs above 1000 watts convert to full digital broadcasts. The low power TV districts (<100 watts) are currently exempt from the conversion requirement (information included in Attachment #9). It has been speculated that the FCC will eventually require conversion of all TV transmission sites, but a target date has not been set. According to Special Districts Department staff, the estimated cost to convert to digital is about \$2,500 per station. CSA 40 has 15 stations and this equates to approximately \$37,500. The District has more than enough to cover the expenses of the transition when the time comes. The District has no immediate plans to transition and bases this decision on several factors, as follows:

- Community feedback indicates there is a present need for non-subscriber based television
- Cable television is not available to the entirety of the District
- Not all can afford a cable or satellite television subscription
- Without CSA 40, there is no alternative for non-subscriber based television

Capital improvements are evaluated annually and are budgeted based on need and available funding. However, needed repairs occur frequently and costs cannot be foreseen. The District has indicated that no new infrastructure or modifications to existing operations will be required to continue existing service level. In FY 2007-08, the District purchased nine new transmitters and modulators in order to upgrade older equipment and improve the broadcast signal.

Financial ability of agencies to provide services.

The primary source of revenue is from receipt of its share of the general tax levy with interest receipts and grants making up the remainder. Expenditures mainly consist of salaries and benefits and services and supplies.

As of September 23, 2008, CSA 40 had an operating fund balance of \$497,226. As shown in the chart below, the District's net balance fluctuates each year, but in the long-run its fund has an increase. A review of the financial documents indicates that salaries and benefits and services and supplies remain relatively constant. Equipment and capital purchases for the aging system have a great influence on the variability of the yearly fund balance. As mentioned above, the District purchased nine new transmitters and modulators within the past year.

Activity	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08 (year-end estimate)	FY 2008-09 (Proposed Budget)
Revenue	\$243,497	\$269,016	\$319,359	\$326,546	\$339,048
Expenditures	\$136,239	\$286,633	\$413,422	\$243,981	\$358,061
Net Balance	\$107,258	\$(17,617)	\$(94,063)	\$82,565	(\$19,013)

Status of, and opportunities for, shared facilities.

The Special Districts Department consolidates the administrative operations and facilities for county service areas under the auspices of CSA 70. CSA 40 pays an allocated share for administrative facility use and a share of the salary transfers out goes to pay for administrative overhead. The District subleases ground and antenna tower space to private companies to offset expenditures.

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

Local Government Structure and Accountability for Community Service Needs

The San Bernardino County Board of Supervisors governs CSA 40; it is within the political boundaries of the First Supervisorial District. There is a local TV club that provides input into the District's operations.

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

for CSA 40 is held during the review and approval of the budget process, no others are known to have taken place.

Operational Efficiency

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services provided under County Service Area 70. CSA 40 does however have one employee directly assigned to it, a full-time communication engineer. According to the FY 2008-09 budget, the cost for salaries and benefits for this position is budgeted at \$71,214. CSA 40 also pays for a proportional share of salaries and benefits costs necessary to serve it; and it pays a proportional cost of the administrative functions of the County Special Districts Department. One Special Districts Department manager oversees the District and there is also a clerical assistant that is responsible for the day to day operations of the District. To pay for these functions, the FY 2008-09 Proposed Budget indicates a transfer to CSA 70 Countywide of \$73,788 for management and support services (\$54,568 for Salaries and Benefits and \$19,220 for Services and Supplies). The budget also includes a \$4,000 transfer to CSA 70 TV-5 (Mesa) for a shared TV Services Assistant position along with CSA 70 Improvement Zones TV-2 and TV-4.

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

As identified earlier, the District acknowledges that the signal from the translator extends beyond its boundaries but has no agreements which reflect this.

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Consolidation with the other county service areas that provide television within the county. Normally, this option is not desirable since the distance between these districts is vast. However, a county service area need not have contiguous territory, according to County Service Area Law. One single-purpose county service area providing television service would reduce duplicative administration, budget, and audit costs. This is a viable option.

- Dissolution of the District. The District provides a community service need by providing a television signal to an area in need of such a service. This option is not desirable.
- Maintenance of the status quo. This option is not recommended since CSA 40 actively provides services to the entirety of the district and the sphere should reflect the area where services are provided.
- Expansion of the sphere of influence to encompass the entirety of its boundary and to include additional populated areas where CSA 40's translator signal reaches. The District provides service to the entirety of its boundaries, and LAFCO staff recommends that the sphere of influence be expanded to reflect the service provided.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission expand County Service Area 40's sphere of influence to encompass the entirety of its boundaries and to include additional populated areas where CSA 40's translator signal reaches to reflect the service provided.

LAFCO staff recommends that the Commission affirm the function and service provided by County Service Area 40 as follows:

FUNCTIONS

TV Translator

SERVICES

Television translation

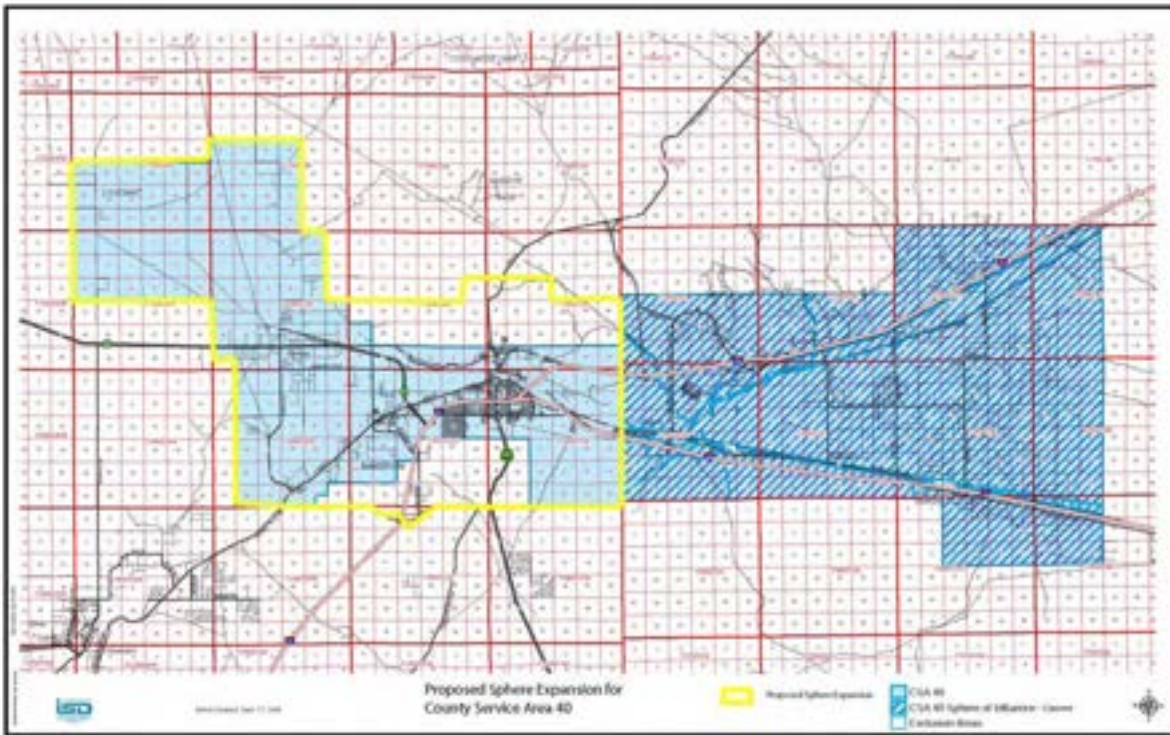
CSA 40's jurisdiction comprises approximately 416 square miles. The sphere of influence is smaller than its jurisdiction and is wholly within its jurisdictional boundaries. The sphere area currently consists of approximately 237 square miles and is the portion of the district east of the San Bernardino Meridian line (the line between Ranges 1 West and 1 East). An annexation to the District in 1979 did not include a sphere expansion.

The original boundaries were east of the San Bernardino Meridian generally consisting of the communities of Daggett, Yermo, Harvard, and Newberry. In 1973, LAFCO established the sphere of influence for the District to be coterminous with its boundaries (LAFCO 1270). In 1979 its jurisdiction was expanded to include the territory of the former County Service Area 70 Improvement Zone TV-1 (LAFCO 1869). However, this annexation did not include a concurrent sphere expansion. Therefore, since 1979 the western portion of CSA 40 has had no sphere. LAFCO staff recommends that the Commission:

- expand the sphere by approximately 179 square miles to encompass the entirety of its boundaries,
- expand the sphere by approximately 48 square miles to include the area of the City of Barstow current sphere of influence not already within the boundaries of CSA 40 north of the southern line of Township 9 North

- include the portion of the city limits of the City of Barstow that extend southerly of the southern line of Township 9 North (approximately 1 square mile)

Special District Department staff does not see any reason why this sphere expansion should not be supported since the proposed sphere expansion areas are within the District's transmission range. The proposed sphere expansion is shown in the map below in yellow and is included as a part of Attachment #9.



When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). Currently, CSA 40 is authorized to provide the function of TV Translator. Neither LAFCO nor Special Districts Department staffs propose any changes to CSA 40's authorized powers.

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

The County of San Bernardino has assigned the full range of general plan land uses to the area. However, the core service base of the television signal is residential.

Present and Probable Need for Public Facilities and Services

The District was established to provide television service to the outlying areas as a means of service prior to cable and satellite television. Even though the cable and satellite are more affordable and accessible today than in the past, there is still a need for this service within vast portions of the District, given the socio-economic statistics in comparison with other suburban and urban areas of the county. When the FCC mandates that low-power translators transition to digital format, Special Districts Department staff indicates that it will be able to so.

Present Capacity of Public Facilities and Adequacy of Public Services

The translator is in good shape but requires constant upkeep due to its age. The District is the only service provider in the area capable of providing this service at a non-subscriber cost.

Social and Economic Communities of Interest

The social communities of interest are the City of Barstow and the communities known as Daggett, Harvard, Newberry, Yermo, Barstow Heights, Hinkley, Hodge, Grandview, Lenwood, and Lockhart.

BARSTOW CEMETERY DISTRICT
Municipal Service Review and Sphere of Influence Update

INTRODUCTION:

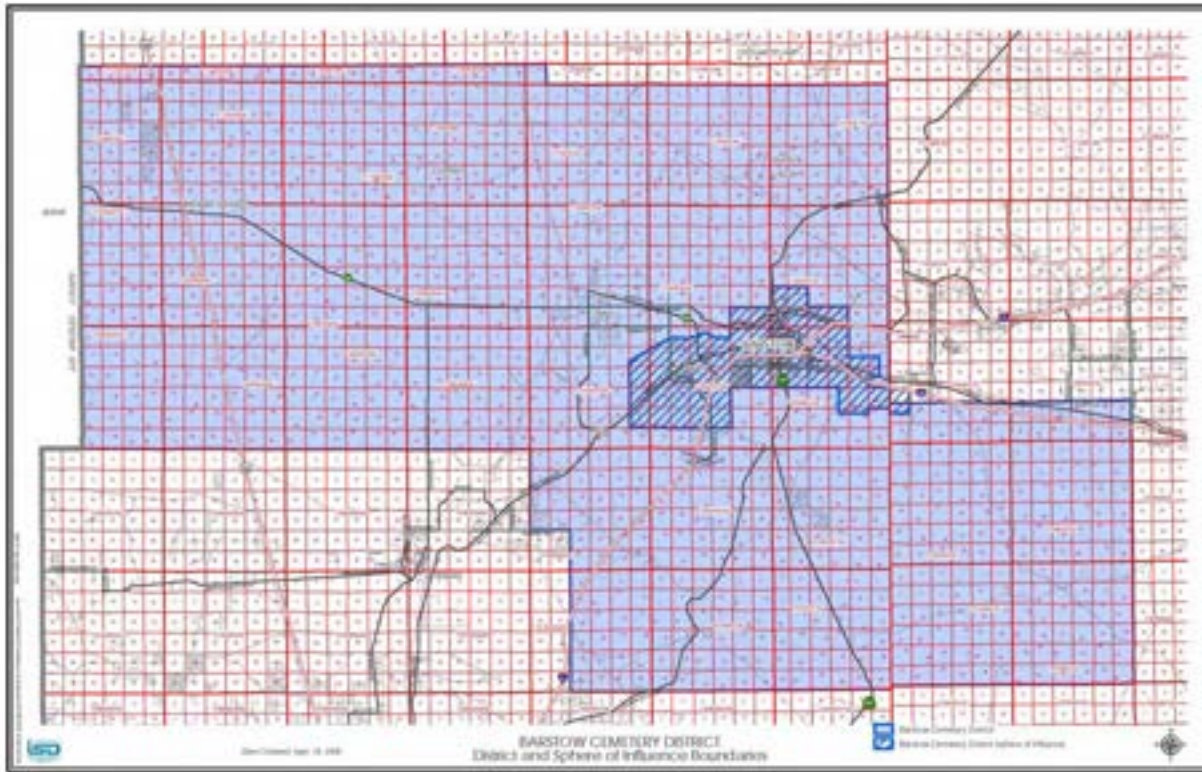
LAFCO 3034 consists of a municipal service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Barstow Cemetery District (District). The District did not provide a response to LAFCO staff's repeated requests for information until a few days before publication of this staff report. LAFCO staff did obtain information through a Public Records Act request from the County of San Bernardino. Excerpts and portions of information obtained from both sources are included as a part of Attachment #10 to this report and are briefly summarized in the information below.

The District is an independent special district formed in 1947 following approval by the County of San Bernardino Board of Supervisors and the electorate. In 1973 the Commission established the sphere of influence of the District (LAFCO 1315). At that time, LAFCO staff recommended that the sphere for the District be the same as that for the City. The Commission agreed with staff and questioned the reason for the District's vast presence beyond the City of Barstow sphere, when the vast majority of its population and tax base resides within the City of Barstow sphere. This determination put forth the knowledge that within time the exterior boundaries of the District may be readjusted.

Subsequent sphere expansions by the City of Barstow have not included include the District. The sphere of influence today remains as the original City of Barstow sphere establishment. Since the sphere establishment in 1973, there has been no activity with the District until this service review and sphere update.

BOUNDARIES:

The District's boundaries have not been altered since its formation and comprises approximately 1,111 square miles. The sphere of influence is drastically smaller than its boundaries and comprises the original City of Barstow sphere of influence, approximately 57 square miles. The service review and study area for the Barstow Cemetery District is generally located southwest of Fort Irwin, east of the Daggett and Yermo communities, northeast of Victor Valley communities of Apple Valley, Helendale, and Victorville, and east of Kern County line. The study area also includes all or portions of the communities known as Barstow Heights, Hinkley, Grandview, Lenwood, Hodge, Kramer Junction and Harper Dry Lake. The service review area is shown below:



DISTRICT'S RESPONSE AND PARTICIPATION:

Pursuant to Government Code Sections 56425 and 56430, LAFCO must conduct a municipal service review and sphere of influence update for special districts every five years. In order to process and complete the service review and sphere update, LAFCO staff requested specific information from the District. The District has been non-responsive to LAFCO staff's numerous requests for information to conduct the legislatively mandated municipal service review and sphere of influence update. The only contact that LAFCO staff has had with District management was a phone call on October 1, 2008. The information below is the history of LAFCO staff's attempts to contact and coordinate with the District:

- June 15, 2005 – LAFCO staff held a meeting in the North Desert region to inform the districts about the service reviews and sphere updates. The District did not attend.
- September 21, 2005 – LAFCO staff mailed a letter requesting the District to provide information for the service review and sphere update. The District did not respond.
- August 14, 2007 – LAFCO staff mailed a letter requesting specific materials for the service review and sphere update. The District did not respond.
- October 11, 2007, November 8, 2007, and November 29, 2007 – LAFCO staff in written correspondence, sent through certified mail, requested information from the

District through a Public Records Act request. The District did not respond to the requests, in violation of State law.

- 2006-2008 – LAFCO staff made numerous phone calls to the District and left messages with the secretary and voice mail. No calls were returned by the general manager. A listing of phone call attempts is a part of the official file for LAFCO 3034.
- April 25, 2008 – LAFCO staff notified the District through written correspondence that information was received from the County through a Public Records Act request and the service review and sphere update would proceed and would be analyzed with the information provided by the County.
- September 30, 2008 – LAFCO staff made one last attempt and called the District - the general manager answered the phone. LAFCO staff notified the general manager of LAFCO's legislatively mandated requirement to conduct the service review and sphere update, LAFCO staff's Public Records Act requests, and numerous unreturned phone calls from the District. LAFCO staff emailed the District the LAFCO forms for a service review and sphere update and requested financial documents. Due to almost three years of a lack of response to requests for information and the deadline to issue the staff report for the October LAFCO hearing, LAFCO staff gave the general manager a deadline to submit the requested documents by close of business October 2, 2008.
- October 3, 2008 – LAFCO staff received an overnight delivery package from the District.

In order to process the service review and sphere update for the District, LAFCO staff obtained information through a Public Records Act request from the County of San Bernardino. Excerpts and portions of the materials are included as a part of Attachment #10 to this report and are briefly summarized in the information below.

LAFCO staff is recommending the Commission assign a zero sphere of influence for the District. The basis for LAFCO staff's recommendation is that the District has been non-responsive to LAFCO staff's requests for information to conduct the legislatively mandated municipal service review and sphere of influence update. Further, the Commission in 1973 questioned the reason for the District's vast presence beyond the City of Barstow sphere when the majority of its population and tax base resides within the City of Barstow sphere.

MUNICIPAL SERVICE REVIEW SUMMARY

LAFCO requested the submission of specific information from the Barstow Cemetery District in order to prepare a service review as required by Government Code 56430. The District did provide a response to LAFCO staff's multiple requests, which included three Public Information Act requests. The information summarized below is from independent LAFCO staff research and information received from the County of San Bernardino through a Public Records Act request.

Growth and population projections for the affected area.

According to the Southern California Association of Governments (SCAG), the 2000 population for the District was approximately 33,905. Anticipated growth within the District is anticipated to be slow. Although the lands within the District contain the full range of land uses, the vast majority of the District is unincorporated land and is rural in nature. Utilizing the growth forecast for transportation analysis zones, as identified in the SCAG 2008 Regional Transportation Growth Forecast, the District's population projections are as follows:

2010 – 35,875	2025 – 48,994
2015 – 40,529	2030 – 53,255
2020 – 44,906	

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

The District operates one memorial park located approximately one mile outside the Barstow city limits but within its sphere of influence. The site address of the memorial park is 37067 Irwin Road and is operated in the name of Mountain View Memorial Park (memorial park). At present, the memorial park has a capacity of 8,900 people with 25% vacancy.

The District owns three parcels (one is vacant) comprising 22 acres. Two parcels contain the memorial park on 17 acres, and vacant parcel comprises five acres.

LAFCO staff confirmed with District staff that it operates without a master plan or any other adopted plans.

Financial ability of agencies to provide services.

Revenues and Expenditures

Revenues are comprised of service fees, the district's share of the general property tax levy, and interest. Approximately two-thirds of the revenues are derived from service fees. Therefore, the District is dependent on a source of revenue that is not guaranteed. Although this is not a guaranteed source, the financial documents show that its receipt is generally constant.

Expenditures are primarily comprised of salaries and benefits and services and supplies. Salaries and benefits are for two employees and comprise roughly half of annual expenditures. The salary and benefit breakdown for FY 2006-07 is as follows:

Salaries	\$117,839
Overtime	\$ 1,836
Benefits	\$101,412
Total	\$221,087

Funds

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

- General Fund: for regular income and expenses
- Pre-Need Fund: for the sale of reserve space for future burial
- Open and Close Fund: for future site openings
- Principal Fund: reason unknown
- Endowment Fund: to remain in perpetuity, only the interest and gains can be spent

The chart below shows the balances of the five funds from FY 2000-01 through present. The financial documents that LAFCO has obtained reveal a change in accounting practices in 2004 that does not provide for an accurate comparison throughout the years without additional information. Further, without current budgets LAFCO staff cannot ascertain the nature of major expenditures.

Barstow Cemetery District Fund Balances (2001 – Present)

Fiscal Year	General	Pre-Need Sale	Open/Close (Pre-Need Fee)	Principal	Endowment
2000-01	\$225,081	\$231,212	\$594,612	--	\$432,348
2001-02	106,880	272,447	653,902	--	484,263
2002-03	136,625	240,649	689,491	--	526,825
2003-04	1,039,259	--	--	--	554,879
2004-05	1,002,554	85,067	n/a	--	497,173
2005-06	67,250	52,054	n/a	--	434,343
2006-07	40,169	54,724	706,564	--	490,425
2007-08	20,445	27,013	625,872	5,255	532,815
9/17/2008	(1,916)	(12,499)	610,182	5,308	542,034
10/1/2008	50,272	(11,496)	613,562	5,308	488,423

sources: FY 2000/01 - 2004/05: Barstow Cemetery District audits
FY 2005/06 - 2006/07: Barstow Cemetery District year-end trial balance
2008 Balances: County of San Bernardino Financial Accounting System

Endowment Fund

Pursuant to State law, the board of trustees may not spend the principal of the endowment fund. However, the principal can be invested in securities and obligations, and the interest and gains may be spent from the investments (§9065(e)). The chart above shows that the endowment fund decreased by roughly \$150,000 in 2005 and decreased again in 2008. The financial documents available do not indicate if the endowment fund decrease in 2005 was attributed to funds being invested.

On September 19, 2008 the General Accounting Section of the County Auditor-Controller/Recorder notified the District that its general fund and pre-need sale fund were operating in a cash deficit (included in Attachment #10). As identified in the chart above, the general fund was under \$1,916 and the pre-need sale fund was under \$12,499. To rectify the situation, on September 23, 2008 the District completed two inter-fund transfers (\$28,049 and \$27,018) totaling \$55,067 from its endowment fund to the general fund. As mentioned previously, only the interest and gains can be utilized from an endowment fund. Without current audits, LAFCO staff cannot determine if only interest and gains were transferred to the general fund. The District states that it only utilizes the interest.

Revenue Account – Other Services

Additionally, unclear to LAFCO staff is the nature of Account 9800 (Other Services) in the budgets and trial balances. Since at least 2004, this account receives revenues in the range of \$230,000 to \$295,000 per year. LAFCO staff posed this query to District staff but has received a clear answer. Upon reviewing the financial documents available, staff concludes that Account 9800 contains all revenues received that are not property taxes or interest. Transfers then occur from the general fund to the other funds. Without additional documentation, the mechanism and policy for transfers between funds cannot be discussed.

U.S. Bank

According to the audit, a local checking account is maintained for depositing cash and monies received until they are transferred to the County Treasury. However, for the current fiscal year through October 1, 2008, the District has transferred \$5,803 from its general fund to U.S. Bank. LAFCO staff cannot determine if U.S. Bank is the local checking account that receives the District's cash deposits.

In general, the lack of access to the District's budgets and audits does not provide LAFCO staff the opportunity to ascertain the efficacy and legal compliance of the District's finances.

Appropriations Limit

Article XIII B of the State Constitution (Gann Limit²⁴) mandates local government agencies to establish an appropriations limit. Section 9 of this Article provides exemptions to the appropriations limit. Specifically, Section 9 (c) exempts the appropriations limit for special districts which existed on January 1, 1978 and which did not levy an ad valorem tax on property in excess of 12 ½ cents per \$100 of assessed value for the 1977-78 fiscal year. LAFCO staff has verified that the District's levy in 1977-78 was 8.52 cents per \$100. Therefore, the District is exempt from establishing an appropriations limit.

Long-term Debt

The District holds no long-term debt.

²⁴ In 1979 the voters amended the California Constitution by passing Proposition 4 (the Gann Initiative), requiring each local government to set an annual appropriations limit (the Gann Limit).

Status of, and opportunities for, shared facilities.

LAFCO staff is not aware of any facilities shared with other agencies.

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

Local Government Structure and Accountability for Community Service Needs

The District is an independent, self-governed, special district and is comprised of five trustees appointed at large to four-year staggered terms. Below is the composition of the current board, their positions, and terms of office:

Board Member	Title	Term
Thomas V. Nelson	Chair	2010
Vincent I. Wright	Vice-Chair	2010
Ernest J. Mc Michael	Trustee	2010
Marian Bell *	Clerk	2007
Stanley Edward Hignett *	Trustee	2007

* According to the Clerk of the Board of Supervisors, appointees serve until they are replaced.

The District in 1985 filed a fictitious business name change and operates as "Mt. View Memorial Park" and plans on continuing business with the same name. The audits state that the District's accounting records are maintained by the County Auditor-Controller/Recorder and are recorded under the name "Barstow Cemetery District". Cemetery District Law mandates that all public cemetery districts either have the words "Cemetery District" or "Public Cemetery District" in its official name. LAFCO staff is of the understanding that the official name of the agency is the Barstow Cemetery District and the cemetery grounds and local operating name is Mt. View Memorial Park.

Board meetings are held on the second Wednesday of each month at 5 p.m. at the memorial park. Cemetery District law mandates that the board of trustees shall meet at least once every three months. The District also does not maintain a website.

The District is required by State law to forward its audits and budgets to the State Controller and County Auditor. However, the District is in non-compliance with this mandate as described below.

- Government Code §26909 requires special districts to file their annual audits with the State Controller and the County Auditor. According to staff at the State Controller's office, the District has filed audits for FY 2003-04 and FY 2006-07. Audits for FY 2004-05 and FY 2004-05 were not filed. According to staff at the County Auditor-Controller/Recorder, the last audit received was for FY 2003-04.
- Health and Safety Code §9070 requires the board of trustees of cemetery districts to adopt a final budget and forward a copy of the final budget to the county auditor. The last budget received was for FY 2006-07.

Operational Efficiency

The District contributes to the California Public Employees Retirement System (CalPERS), a public employee defined benefit pension plan.

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

LAFCO staff is unaware if the District provides services outside of its boundaries. Given the large size of the District and nature of its business, it is unlikely that service is provided by the District outside of its boundaries.

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Cemetery service to be provided by the City of Barstow. In 1994, AB 1335 gave LAFCO the authority to initiate reorganizations of special districts. In response to this new legislative authority, San Bernardino LAFCO drafted a list of 30 potential reorganizations that were possible under these provisions. Dissolution of the District with the City as the successor was one of the potential reorganizations discussed. These concerns were expressed in 1994 and are expressed by LAFCO staff as a part of this review.

Current law (Health and Safety Code Section 8125) authorizes cities to survey, lay out, and dedicate for burial purposes no more than five acres of public lands. The District operates more than five acres. If the City were to succeed to the District's cemetery services, special legislation would need to occur and there is statutory precedent for authorization. This year, AB 1932 (Smyth) authorized the City of Simi Valley to operate a cemetery on public lands containing five acres or more. Should the City desire to succeed to the District's services and facilities, special legislation would be required.

- Maintenance of the status quo. In this option, there are no changes to the District. LAFCO staff does not recommend affirmation of the current sphere since the District's current sphere is the original sphere of the City of Barstow. The current sphere needs to be re-evaluated to meet current circumstances.

- Assignment of a sphere of influence to be coterminous with the City of Barstow's sphere of influence. This option is not desirable since the District's boundaries are vastly larger than the City's sphere.
- Assignment of a zero sphere of influence. The District has no master plans, does not comply with State law, is currently experiencing financial challenges, and its non-responsiveness poses serious questions as to its long-term viability and ability to plan for the future. Based on the reasons described in this report, LAFCO staff recommends a zero sphere of influence for the District.
- Assignment of a sphere of influence to be coterminous with its boundaries. This option is not desirable due to the reason mentioned above.

SPHERE OF INFLUENCE REVIEW

LAFCO staff recommends that the Commission assign a zero sphere of influence for the Barstow Cemetery District based on the reasons described in this report for the District.

LAFCO staff recommends that the Commission affirm the functions and services for the Barstow Cemetery District as follows:

FUNCTIONS

Cemetery

SERVICES

Burials, selling plots, opening and closing of graves

The District's boundary currently encompasses approximately 1,111 square miles, and its sphere is vastly smaller than its jurisdiction and comprises 57 square miles. LAFCO staff recommends that the Commission assign a zero sphere designation for the District based on the following reasons:

- The District has no master plans,
- The District does not comply with State law by not forwarding its audits to the State Controller and not forwarding its audits and budgets to the County Auditor.
- The District is currently experiencing financial challenges, and
- The District is non-responsive to LAFCO's requests to complete the legislatively mandated municipal service review and sphere of influence update.

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). LAFCO staff does not recommend any changes to its currently authorized function and services. Therefore, staff recommends that the Commission affirm the function and services for the District as outlined above.

FACTORS OF CONSIDERATION:

The District was requested to provide information regarding the sphere of influence update as required by State law. The District has not provided a response to LAFCO staff's repeated requests. 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

Anticipated growth within the District is anticipated to be slow. Although the lands within the District contain the full range of land uses, the vast majority of the District is unincorporated land and is rural in nature.

Present and Probable Need for Public Facilities and Services

There is a current and future public need for burial services in this overall area of the County. Further, the non-residents can be buried at the memorial park, subject to additional fees.

Present Capacity of Public Facilities and Adequacy of Public Services

The District owns and operates the memorial park from one-twelve acre parcel and owns two vacant parcels totaling 10 acres. At present, the memorial park has a capacity of 8,900 plots available with 25% vacancy. In general, the District is able to increase its burial grounds by one-third when the need arises. However, the District has no master plans or studies to evaluate or plan for future needs. The District is currently experiencing financial challenges and does not comply with State law by not forwarding its audits to the State Controller and not forwarding its audits and budgets to the County Auditor. Further, the District is non-responsive to LAFCO's requests to complete the legislatively mandated municipal service review and sphere of influence update.

Social and Economic Communities of Interest

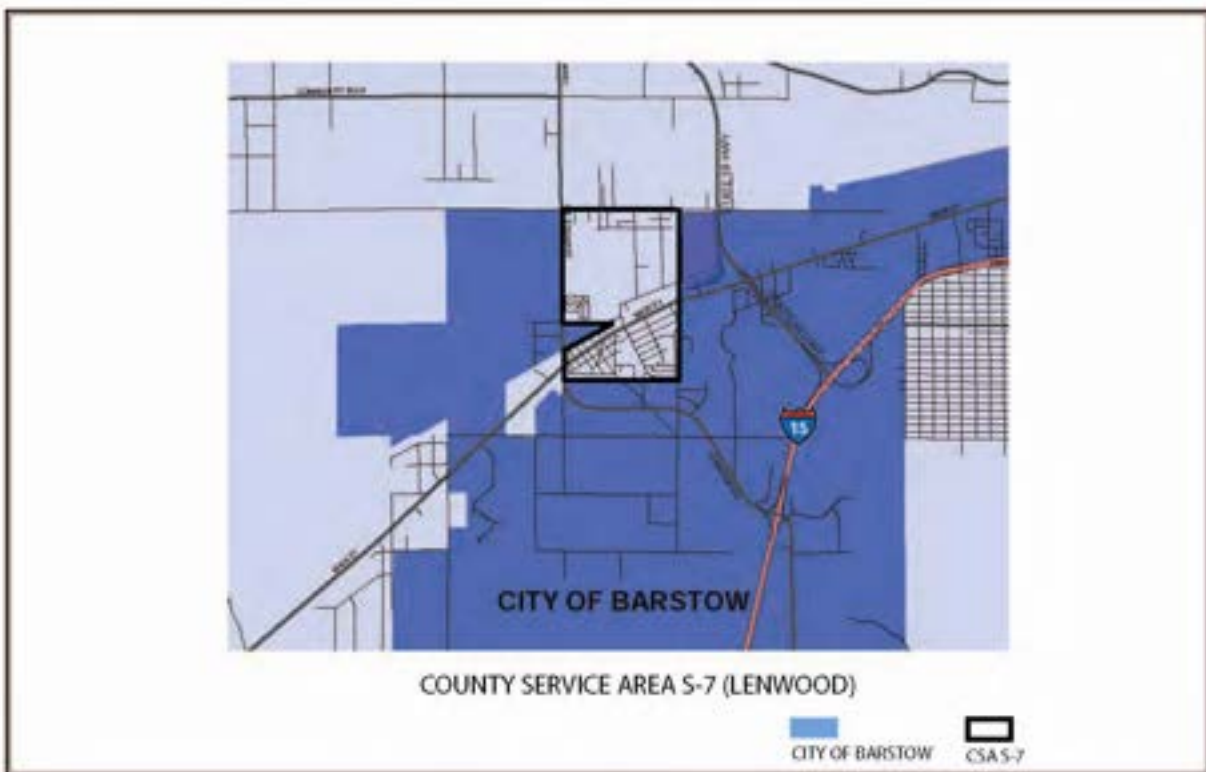
The City is the core of the social and economic community of interest for the entire Barstow community. The study area also includes all or portions of the communities known as Barstow Heights, Hinkley, Grandview, Lenwood, Hodge, Kramer Junction and Harper Dry Lake. However, since most of the area is unincorporated, it is likely that some residents in the area do not believe they share social or economic ties with the City.

COUNTY SERVICE AREA 70 IMPROVEMENT ZONE S-7 (LENWOOD) Municipal Service Review

INTRODUCTION:

The Board of Supervisors formed County Service Area 70 Improvement Zone S-7 (S-7) in 1977 to originally provide for a sewerage study for the unincorporated Lenwood and Grandview communities. Attempts to form an assessment district at that time failed. This agency has evolved to provide a sewage collection system providing service generally to the Lenwood community. Service is limited to a collection of landowners of two assessment districts that approved assessments to pay the debt service in order to receive sewer service.

S-7 is a board-governed entity that is administered by the County Special Districts Department. It currently encompasses approximately 902 acres. A map of S-7 is included in Attachment #11 and shown below. S-7 is not under LAFCO purview, therefore only a municipal service review is provided.



MUNICIPAL SERVICE REVIEW SUMMARY

Since LAFCO has no direct jurisdiction over S-7, only Municipal Service Review information is provided. The Special Districts Department's responded to LAFCO staff's request for

information by providing budget and audit information which is summarized below and is included as a part of Attachment #11.

Growth and population projections for the affected area.

S-7 is bordered by the City of Barstow on three sides, and growth is not anticipated to be significant, if any. The majority land use designations assigned by the County General Plan are Residential Single and Rural Living with some Residential Commercial. There is also the potential for lot splits which would increase the population. Many of the residents already have agreements with S-7 for sewer collection. Any growth would be of homes not already connected to the system.

According to the Southern California Association of Governments (SCAG), the 2000 population for the area was approximately 1,319. Anticipated growth within the District is anticipated to be minimal. Utilizing the growth forecast for transportation analysis zones, as identified in the SCAG 2008 Regional Transportation Growth Forecast, the District's population projections are as follows:

2010 – 1,389	2025 – 1,471
2015 – 1,411	2030 – 1,505
2020 – 1,439	

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

In 2002, the Commission approved LAFCO SC#184, authorizing the City to extend sewer service within the boundaries of CSA 70 S-7. This contract was the result of problems related to the sewage disposal system in the High Desert Estates mobilehome subdivision located at the northeast corner of Jasper and Lenwood Road and severe septic tank problems within the larger Lenwood community. The only solution available was to connect a sewage system and the only system available was through the City of Barstow. The County of San Bernardino and the City of Barstow were approved for federal funding (loans and grants) from the U.S. Environmental Protection Agency and U.S. Department of Agriculture in the amount of \$6,500,000 to complete the project. The project had two objectives:

- To provide gravity-flow sewer service to the 798 parcels (599 developed parcels and 199 undeveloped parcels) in Lenwood.
- To replace the existing non-functioning wet-well/force-main system and provide new gravity-flow sewer service to the 205 parcels in High Desert Estates.

According to the environmental assessment for the project, following construction, approximately 0.135 million gallons per day of sewage will be delivered to the City of Barstow's sewage treatment plant which has sufficient capacity to treat the additional flow.

Since then, the City, through S-7, has been providing sewer treatment services within the unincorporated Lenwood and Grandview communities and S-7 provided the funding mechanism to install the necessary collection facilities. Recently, the City and the County

completed the construction of a new 8-inch gravity flow sewer line that would enhance sewer service in the Lenwood/Grandview areas. As a result, there is adequate sewer service capacity to serve any proposed development within the reorganization area.

Financial ability of agencies to provide services.

S-7 receives the vast majority of its revenues from special assessments that support repayment of the bonds and the services to support the system. Since the City of Barstow provides the sewer maintenance and treatment services, the City bills and collects the monthly service charges. There is no remittance to S-7 from the monthly service charges.

Beginning in FY 2007-08, S-7 began to pay for general upkeep and improvements for sewer collection system maintenance. This service is budgeted for \$270,000 for FY 2008-09.

Long Term Debt

S-7 holds two debts with interest rates of 4.125% that mature in 2046. In 2006, the County of San Bernardino, on behalf of S-7, issued bonds in the amount of \$1,927,500 and in 2007 issued bonds in the amount of \$190,600. As of June 30, 2007 the principal balance remaining is \$2,096,500, and payments in 2008 total \$108,981.

Status of, and opportunities for, shared facilities.

The Special Districts Department consolidates the administrative operations and facilities for county service areas under the auspices of CSA 70. S-7 shares resources with other CSAs and their improvement zones through the Special Districts Department's Water and Sanitation Division office in Victorville. S-7 pays an allocated share for administrative facility use.

The S-7 sewer system is connected to City of Barstow's sewer system.

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

Local Government Structure and Accountability for Community Service Needs

S-7 is an improvement zone of County Service Area 70 and is governed by the County Board of Supervisors and administered by County Special District Department; it is within the political boundaries of the First Supervisorial District. S-7 does not utilize an advisory commission or municipal advisory council.

S-7 budgets are prepared as a part of the County Special Districts Department's annual budgeting process. S-7's annual budget is presented to the County Administrative Office and Board of Supervisors for review and approval.

Operational Efficiency

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary

to manage the various services provided under County Service Area 70. Therefore, S-7 has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it; it pays a proportional share of the administrative costs of the Water and Sanitation Division; and it pays a proportional cost of the administrative functions of the County Special Districts Department. To pay for these functions, the FY 2008-09 Proposed Budget indicates a transfer to CSA 70 Countywide of \$6,436 for management and support services (\$4,205 for Salaries and Benefits and \$2,231 for Services and Supplies). S-7 also benefits from grant management being provided by the Special Districts Department.

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

LAFCO staff is not aware of any service provided outside of S-7’s jurisdiction. However, in 2002, the Commission approved LAFCO SC#184, authorizing the City to extend sewer service within the boundaries of CSA 70 S-7. This contract was the result of problems related to the sewage disposal system in the High Desert Estates mobilehome subdivision located at the northeast corner of Jasper and Lenwood Road and severe septic tank problems within the larger Lenwood community. The only solution available was to connect a sewage system and the only system available was through the City of Barstow. LAFCO approved the service contract for the entirety of S-7’s boundaries in order to eliminate the need to return to LAFCO for additional authorizations should service need to be expanded to the remaining portions of S-7.

Outside of the assessment areas in the northern portion of S-7, the City of Barstow has provided sewer service since 1984 through an out-of-agency agreement to an existing apartment complex on Jasper Road (Tract 11961).

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Dissolution of S-7. If the City of Barstow proposed annexation of this area, such an application would be processed to include detachment or dissolution of S-7, as required by law. If dissolution occurs or if detachment includes the assessment areas, LAFCO would have to condition the annexation so that the bondholders within each assessment area are kept whole for repayment

purposes of the loans. The City of Barstow would then be the responsible entity for sewer service. This is a viable option.

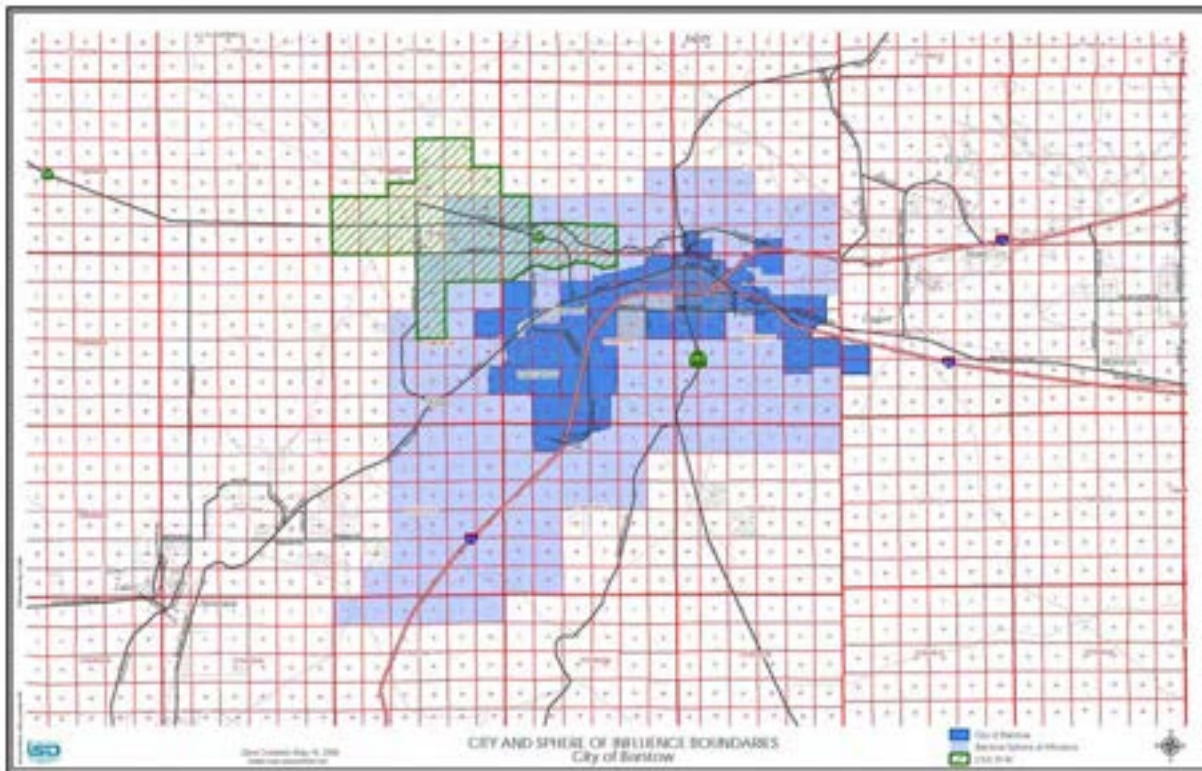
- Expansion of S-7's authorized services to include streetlighting. S-7 overlays one area of the Lenwood portion of County Service Area SL-1. In this option, S-7 would assume the streetlighting of the Lenwood portion of CSA SL-1 and this portion of CSA SL-1 would be removed from the overall CSA SL-1 jurisdiction. Having one entity within an area to provide services would reduce duplicative costs for administration.
- Maintenance of the current structure. LAFCO has no purview over S-7. However, if LAFCO received an application from the City for an annexation to include S-7's boundaries, such an application would be processed to include dissolution of S-7, as required by law.

COUNTY SERVICE AREA 70 IMPROVEMENT ZONE W (HINKLEY) Municipal Service Review

INTRODUCTION:

The Board of Supervisors formed County Service Area 70 Improvement Zone W (Zone W) in 1973 to provide recreation services through a community center and fire protection to the Hinkley community. For some time, the Barstow Park and Recreation District overlaid the south/southeastern portion of Zone W until its dissolution in 2004. Due to the reorganization of County Fire and pursuant to LAFCO Resolution 2986 (adopted on January 16, 2008), County Service Area 70 W's fire protection powers were removed.

Zone W encompasses approximately 30.5 square miles (approximately 19,520 acres) northwest of the City of Barstow and the Mojave River along State Highway 58. It retains its rural character and agricultural pursuits. A map of Zone W is included in Attachment #12 and shown below. The Hinkley community has become famous for its water contamination issues and legal wranglings with Pacific Gas & Electric as portrayed in the movie "Erin Brockovich".



MUNICIPAL SERVICE REVIEW SUMMARY

Since LAFCO has no direct jurisdiction over Zone W; therefore, only Municipal Service Review information is provided. The Special Districts Department responded to LAFCO

staff's request for information by providing a map of the area, budget and audit information which are summarized below and are included as a part of Attachment #12.

Growth and population projections for the affected area.

Zone W is generally located northwest of the City of Barstow's city limits and roughly one-half of its territory is included in the Barstow community sphere. The majority land use designations assigned by the County General Plan include Industrial, Commercial, Agriculture and Residential uses. The predominant residential designation is Rural Living (varying from one unit to 2.5 acre to one unit to 40 acres). There is the possibility of lots splits, which would increase the population, if services could support the use. LAFCO staff's review of maps available for agricultural lands indicates that there are existing Williamson Act contracts within the boundaries of Zone W which restrict the land uses to either open space or agriculture for a minimum period of 10 years as well as other agriculture use on adjacent parcels.

According to the United States Census, the 2000 population for the area was approximately 1,915. Anticipated growth within the District is expected to be minimal. Utilizing the growth forecast for transportation analysis zones, as identified in the SCAG 2008 Regional Transportation Growth Forecast, the District's population projections are as follows:

2010 – 2,010	2025 – 2,133
2015 – 2,050	2030 – 2,176
2020 – 2,091	

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

The District does not own or operate any parks at the present time, it operates a community center in the Hinkley community for recreational purposes.

According to Special Districts Department staff, the community center has heavy use by the seniors in the community. The property of the community center includes additional acreage and the District is considering adding additional uses to the property, such as park facilities including potentially playground equipment and picnic areas. The District has received \$75,000 in grants through Proposition 40 funds from the State which could be used for this effort.

Financial ability of agencies to provide services.

The primary source of revenue for Zone W is its share of the general property tax levy. In FY 2006-07, prior to completion of the County Fire Reorganization, Zone W received \$118,134 for its share of the general property tax levy. This amount was divided between its activities with 91% to fire activities and 9% to the park activities. After the completion of the County Fire Reorganization, the property tax was permanently transferred with 89%

(\$105,139) going to San Bernardino County Fire Protection District's North Desert Service Zone for fire and 11% (\$12,995) retained by Zone W to provide for its recreation functions.

The main expenditure is for services and supplies to pay for utilities and maintenance and upkeep at the Community Center. The FY 2008-09 budget identifies \$50,000 budgeted from the capital improvement fund for Americans with Disabilities Act improvements to the senior center.

Prior audits isolated the park activities from the fire activities and shows that park services have operated at a loss each year. The FY 2008-09 Proposed Budget anticipates \$28,337 in expenditures and \$18,999 for revenues. However, excluding reserves and contingencies the expenditures anticipated are \$23,612 with revenues at \$18,999. This will reduce the anticipated year-end fund balance to \$4,725. Given the current rate of excess expenditures over revenues, the fund balance will be soon exhausted and services will need to be scaled back unless additional revenues are provided.

CSA 70 Zone W (Park) Activity

Year	Revenues	Expenditures	Excess Revenue Over (Under) Expenditures
FY 06-07	\$11,029	\$14,319	\$(3,290)
FY 07-08	19,330	26,658	(7,328)
FY 08-09	18,999	28,337	(9,338)

sources: FY 2008-09 Proposed Budget and FY 2006-07 Audit

Long Term Debt

The audits of Zone W do not identify any long-term debt.

Status of, and opportunities for, shared facilities.

The Special Districts Department consolidates the administrative operations and facilities for county service areas under the auspices of CSA 70. Zone W pays an allocated share for administrative facility use.

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

Local Government Structure and Accountability for Community Service Needs

Zone W is an improvement zone of County Service Area 70 and is governed by the County Board of Supervisors and administered by County Special District Department; it is within the political boundaries of the First Supervisorial District. Zone W does not utilize an advisory commission or municipal advisory council.

Zone W budgets are prepared as a part of the County Special Districts Department's annual budgeting process. Zone W's annual budget is presented to the County Administrative Office and Board of Supervisors for review and approval. As noted above, the Zone W park

and recreation operations annually exceed its receipt of revenues. Within an estimated three years, its fund balance will be exhausted and services will need to be scaled back unless additional revenues are provided.

Operational Efficiency

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services provided under County Service Area 70. Therefore, Zone W has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it, and it pays a proportional cost of the administrative functions of the County Special Districts Department. To pay for these functions, the FY 2008-09 Proposed Budget indicates a transfer to CSA 70 Countywide of \$2,541 for management and support services (\$1,879 for Salaries and Benefits and \$662 for Services and Supplies). Zone W also benefits from grant management being provided by the Special Districts Department.

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

LAFCO staff is not aware of any direct service provided outside of Zone W's jurisdiction.

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options, especially in light of Zone W's financial challenges.

- Dissolution of Zone W and assumption of its services by another entity.

There is no County governed special district in the area in which to consolidate the services of Zone W.

The County could work in concert with the City of Barstow to propose the dissolution of Zone W and the assumption of its service obligations by the City of Barstow, like was done for the Barstow Park and Recreation District. However, given the historic opposition of the community to inclusion within the City of Barstow, this option does not appear likely.

- If the City of Barstow proposed annexation of this area, such an application would be processed to include dissolution of Zone W, as required by law. The City of Barstow would then be the responsible entity for park and recreation service. This is a viable option, however there is historic sentiment by residents of Hinkley to remain separate from the City of Barstow.
- Maintenance of the current structure. LAFCO has no purview over Zone W; however, the financial challenges outlined above will need to be addressed by the community in the near term.

COUNTY SERVICE AREA 70 IMPROVEMENT ZONE R-42 (WINDY PASS) Municipal Service Review

INTRODUCTION:

The Board of Supervisors formed County Service Area 70 Improvement Zone 42 (R-42) in 2002, following a mailed ballot election, to provide road paving and maintenance to a portion of the Barstow Heights area. R-42 is a board-governed entity that is administered by the County Special Districts Department and currently consists of 123 acres with the responsibility for approximately 1.7 miles of paved road. A map of R-42 is included in Attachment #13 and shown below. R-42 is not under LAFCO purview, therefore only a municipal service review is provided.



MUNICIPAL SERVICE REVIEW SUMMARY

Since LAFCO has no direct jurisdiction over R-42, only Municipal Service Review information is provided. The Special Districts Department responded to LAFCO staff's request for information by providing budgets, audits, and formation documents, which are summarized below and are included as a part of Attachment #13.

Growth and population projections for the affected area.

R-42 is bordered by the City of Barstow on three sides and is assigned a County General Plan land use designation of RS-1 (minimum one acre per lot). More than half of the lots

are vacant and growth can occur on these vacant lands. Further, there is also the potential for lots splits, which would increase the population.

The area does not have its own zip code, census tract or block as defined by the US Census, or transportation analysis zone defined by the Southern California Association of Governments. Therefore, the County of San Bernardino General Plan coefficient of 2.68 per persons per household is utilized to estimate the current population of the area, 166 persons (62 parcels multiplied by 2.68) and the build out population for the area, 330 persons (123 parcels multiplied by 2.68).

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

Special Districts Department maintains seven paved roads covering approximately two miles within R-42, and the improvement zone has 62 units within its boundaries. However, there are 122 parcels within the District which, upon development of the additional parcels, would also be assessed for road improvements. The roads maintained are Highland Avenue, Dolomite Avenue, May Street, Baldwin Street, Sunrise Road, Windy Pass, and Cypress Street.

Financial ability of agencies to provide services.

The primary source of revenue is the \$750 assessment per parcel that is placed on 62 developed parcels. Expenditures consist of the annual salary and benefit share to County Service Area 70 and maintenance of the roads as needed. At the end of FY 2007-08, R-42 had a fund balance of \$95,278.

R-42 received a loan from the County's Revolving Fund. This loan has a ten-year term as established by the Board of Supervisors. As of June 30, 2006, the loan balance was \$180,000. The FY 2008-09 Proposed Budget indicates that a \$40,000 principal payment for the loan and that the current year is year five of ten for the loan.

Status of, and opportunities for, shared facilities.

The Special Districts Department consolidates the administrative operations and facilities for county service areas under the auspices of CSA 70. R-42 pays an allocated share for administrative facility use.

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

Local Government Structure and Accountability for Community Service Needs

R-42 is an improvement zone of County Service Area 70 and is governed by the County Board of Supervisors and administered by County Special District Department; it is within the political boundaries of the First Supervisorial District. R-42 does not utilize an advisory commission or municipal advisory council.

R-42 budgets are prepared as a part of the County Special Districts Department's annual budgeting process. R-42 annual budget is presented to the County Administrative Office and Board of Supervisors for review and approval.

Operational Efficiency

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services provided under County Service Area 70. Therefore, R-42 has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it; and it pays a proportional cost of the administrative functions of the County Special Districts Department. To pay for these functions, the FY 2008-09 Proposed Budget indicates a transfer to CSA 70 Countywide of \$10,670 for management and support services (\$8,162 for Salaries and Benefits and \$2,508 for Services and Supplies).

Government Structure Options

There are two types of government structure options:

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

Out-of-Agency Service Agreements:

Road maintenance service can not be provided outside of the boundaries of R-42.

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Expansion of R-42. The improvement zone could expand to include additional territory which currently has paved roads. This would require that the landowners be included in the annual assessment and benefit from road maintenance services.
- Dissolution of R-42. If the City of Barstow proposed annexation of this area, such an application would be processed to include dissolution of R-42, as required by law. The City of Barstow would then be the responsible entity for road service. This option is viable since the R-42 service area is part of an "island" as defined by Commission Policy and Government Code Section 56375.3.

ADDITIONAL DETERMINATIONS

- The Commission's Environmental Consultant, Tom Dodson and Associates, has determined the changes outlined in this report for the various agencies are statutorily exempt from environmental review. Mr. Dodson's response for each of the reviews is included in their respective attachments to this report.
- Legal advertisement of the Commission's consideration has been provided through publication in *The Daily Press* through a publication of a 1/8 page legal ad and in *Desert Dispatch*, as required by law. In accordance with Commission Policy #27, an 1/8th page legal ad was provided in lieu of individual notice because the service reviews for the community of Barstow, in aggregate, would have exceeded 1,000 notices.
- As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.
- Comments from landowners/registered voters and any affected agency will need to be reviewed and considered by the Commission in making its determinations.

RECOMMENDATION:

Staff recommends that the Commission take the following actions:

1. For environmental review certify that each proposal's action is statutorily exempt from environmental review and direct the Clerk to file the Notices of Exemption within five (5) days.
2. Receive and file the municipal service reviews for the City of Barstow, Odessa Water District, Barstow Fire Protection District, Barstow Heights Community Services District, County Service Area SL-1 (Lenwood), County Service Area 40, and Barstow Cemetery District, and make the findings related to the service review required by Government Code 56430 as outlined in the staff report.
3. Take the actions to update the spheres of influence for the agencies as identified in this report.
4. Continue the adoption of the appropriate resolutions reflecting the Commission's determinations for adoption on the consent calendar of the November hearing.

KRM/mt

ATTACHMENTS

1. Maps of Barstow Community
 - a. Regional
 - b. Current Barstow Community
 - c. Barstow Community with Stoddard Wells Off-Highway Vehicle Park Overlay
 - d. Proposed Barstow Community
 - e. Current and Proposed Development Projects
2. City of Barstow
 - a. Map of District and its Sphere of Influence, Proposed Sphere of Influence Modifications, and Area Classified as "Islands"
 - b. Municipal Service Review and Excerpts from Budgets and Audits including Redevelopment Agency Audit
 - c. Letter from City of Barstow Regarding Proposed Sphere of Influence Expansion and Reduction
 - d. Response from Tom Dodson and Associates
3. Map of Regional Water Purveyors
4. Golden State Water Company
 - a. Map of Service Area
 - b. Existing and Future Water Demand Study, and Excerpts from 2005 Urban Water Management Plan and 2008 Water Quality Report
5. Odessa Water District
 - a. Map of District and its Sphere of Influence, and Proposed Sphere of Influence Modifications
 - b. Municipal Service Review Information, Financial Information, and Water Purchase Information
 - c. Response from Tom Dodson and Associates
6. Barstow Fire Protection District
 - a. Map of District and its Sphere of Influence, District with City Overlay, and Proposed Sphere of Influence Modifications
 - b. Municipal Service Review Information, and Excerpts from Financial Documents and 2005 Fire Master Plan, Revenue Enhancement Ordinance, and Draft City of Barstow Development Impact Fee Ordinance 843-2008
 - c. Response from Tom Dodson and Associates
7. Barstow Heights Community Services District
 - a. Map of District and its Sphere of Influence and Proposed Sphere Reduction
 - b. Municipal Service Review, and Financial Information
 - c. Letter from District Regarding LAFCO Staff Sphere of Influence Recommendation
 - d. Tax Rate from FY 1977-78
 - e. Response from Tom Dodson and Associates
8. County Service Area SL-1 (Lenwood)

- a. Map of District
 - b. Municipal Service Review Information
 - c. Response from Tom Dodson and Associates
9. County Service Area 40
- a. Map of District and its Sphere of Influence and Proposed Sphere Expansion
 - b. Municipal Service Review and Financial Information
 - c. Federal Communications Commission Facts About Digital Conversion
 - d. Response from Tom Dodson and Associates
10. Barstow Cemetery District
- a. Map of District and its Sphere of Influence and Proposed Sphere Expansion
 - b. Municipal Service Review and Financial Information
 - c. Response from Tom Dodson and Associates
11. County Service Area 70 Improvement Zone S-7
- a. Map
 - b. Financial Information
 - c. Out-of-Agency Service Contract between City of Barstow and S-7
12. County Service Area 70 Improvement Zone W
- a. Map
 - b. Financial Information including Permanent Property Tax Division
13. County Service Area 70 Improvement Zone R-42
- a. Vicinity and Parcel Map
 - b. Financial Information