

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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www.sbclafco.org

DATE: MAY 14, 2025 
FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Assistant Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #9: LAFCO 3273 – Annexation to the Twentynine Palms Water District (APN 0634-121-15)

INITIATED BY:

Resolution of the Board of Directors of the Twentynine Palms Water District

RECOMMENDATION:

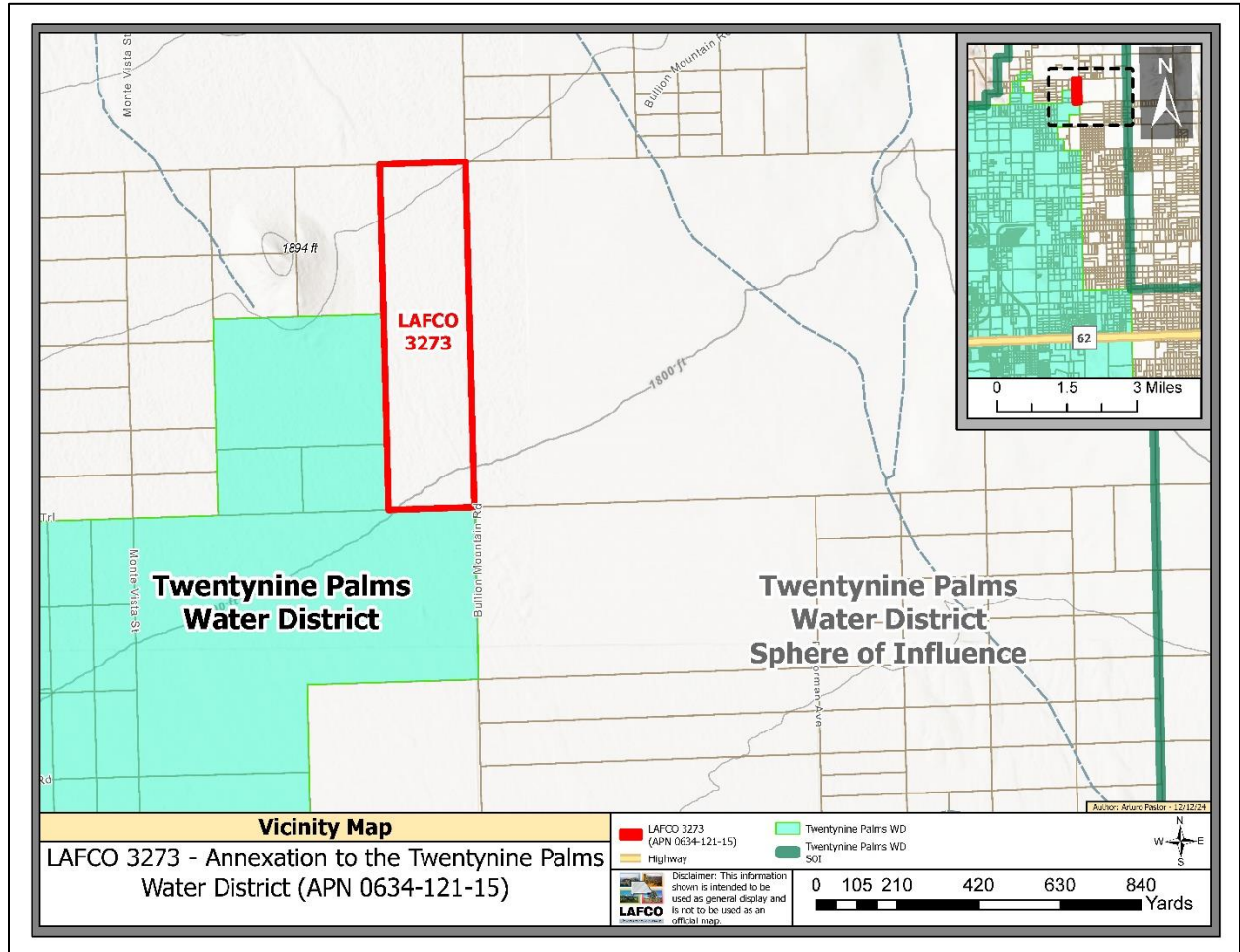
The staff recommends that the Commission approve LAFCO 3273 by taking the following actions:

1. For environmental review, certify that LAFCO 3273 is exempt from the provisions of the California Environmental Quality Act and direct the Executive Officer to file the Notice of Exemption within five (5) days;
2. Approve LAFCO 3273, with the condition for the “hold harmless” clause for potential litigation costs, continuation of fees, charges, assessments, etc.;
3. Waive protest proceedings, as permitted by Government Code Section 56662(d), with 100% landowner consent to the annexation; and,
4. Adopt LAFCO Resolution No. 3418, setting forth the Commission’s determinations and conditions of approval concerning LAFCO 3273.

BACKGROUND:

In November 2024, the Twentynine Palms Water District (hereafter the “District”) initiated an annexation application—with 100% landowner consent—to annex approximately 40 acres into the District. The annexation area includes Assessor Parcel

Number (APN) 0634-121-15, which is adjacent to the District’s boundary generally located at the northwest corner of Chisholm Trail and Bullion Mountain Road. The annexation area is within the District’s northeastern sphere of influence. Location and vicinity maps are included as Attachment #1 to this report. The map below provides a general location of the proposed annexation area.



VICINITY MAP

The primary reason for the annexation request is to provide water service to a single-family residence proposed to be built on the parcel. The parcel is currently not within the District’s boundary; therefore, annexation to the District is required in order to receive water service.

This report will provide the Commission with the information related to the four major areas of consideration required for a jurisdictional change – boundaries, land uses, service issues and the effects on other local governments, and environmental considerations.

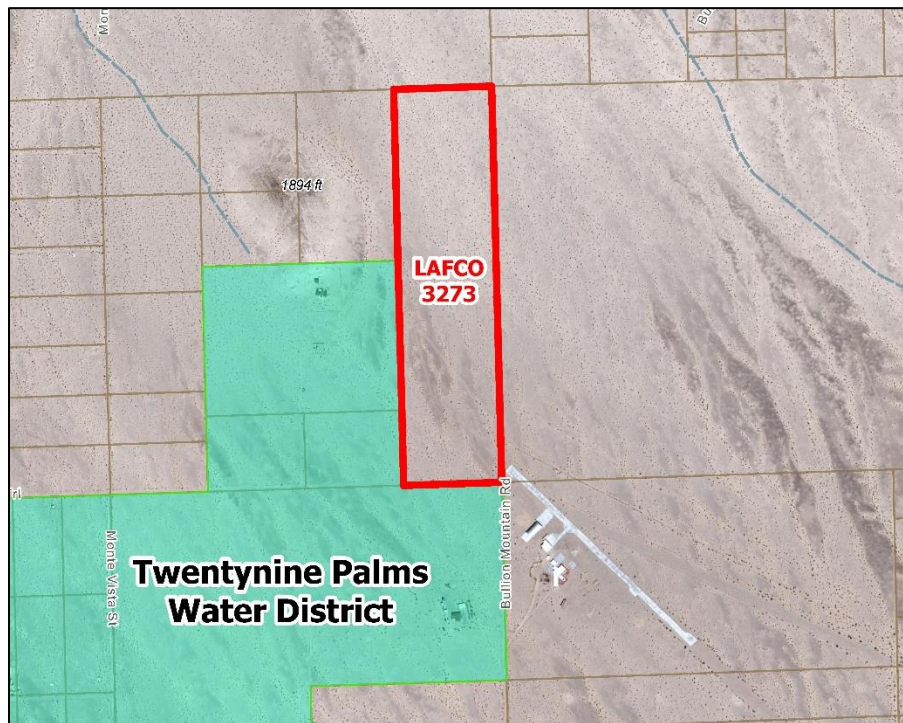
BOUNDARIES:

As outlined above, the annexation area includes a single parcel, APN 0634-121-15, comprising approximately 40 acres. The annexation area is bounded by parcel lines to the north, parcel lines and the natural extension of Bullion Mountain Road to the east, parcel lines and the natural extension of Chisholm Trail (existing District boundary) to the south, and parcel lines (portion of existing District boundary) to the west.

LAFCO 3273 has no boundary concern since annexation into the District is required in order for the receipt of water service. In addition, LAFCO 3273 is adjacent to the District’s boundary to the west and south of the property.

LAND USE:

The parcel is currently vacant. The County’s current General Plan land use designation for the parcel is RL-10 (Rural Living, one unit per 10 acres), which allows for rural residential development set in expansive open space areas. An aerial display of the general vicinity is shown below:



VICINITY MAP

No change in land use is anticipated as a result of the annexation. In addition, approval of this annexation proposal will have no direct impact on the current land use designation for the parcel. Therefore, there are no land use concerns for this proposal.

SERVICE ISSUES AND EFFECTS ON OTHER LOCAL GOVERNMENTS:

In every consideration for jurisdictional change, the Commission is required to look at the existing and proposed service providers within an area. The County service providers within the annexation area are County Service Area 70 Zone TV-4 (TV transmission), and County Service Area 70 (multi-function entity, unincorporated countywide). In addition, the following entities overlay the annexation area: Hi-Desert Memorial Healthcare District (dba Morongo Basin Healthcare District), Mojave Desert Resource Conservation District, San Bernardino County Fire Protection District and its South Desert Service Zone and its Zone FP-5.

The application includes a plan for the extension of water service to the parcel as required by law and Commission policy (included as part of Attachment #2 to this report). The Plan for Service indicates that the District will provide water service to the parcel using a 1-inch service line extension from the District’s existing 6-inch water main in Chisholm Trail. The District has identified the estimated costs associated with the extension of water service to the parcel:

District Acre Fee (\$116.45/acre)	\$4,658
5/8” Meter and Capital Impact Fees	\$8,181
Total fees	\$12,839

In addition, the property owner will be responsible for construction of the necessary extension from the existing water main.

As required by Commission policy and State law, the Plan for Service shows that the extension of its services will maintain, and/or exceed, current service levels provided to the parcel.

ENVIRONMENTAL CONSIDERATIONS:

As the CEQA lead agency, the Commission’s Environmental Consultant, Tom Dodson from Tom Dodson and Associates, has indicated that the review of LAFCO 3273 is exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the fact that the annexation will not result in any physical impacts on the environment. Therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). Staff recommends that the Commission adopt the Common Sense Exemption for this proposal. A copy of Mr. Dodson’s analysis is included as Attachment #4 to this report.

WAIVER OF PROTEST PROCEEDINGS:

The annexation area is legally uninhabited and LAFCO staff verified that the study area possesses 100% landowner consent to the annexation (see Attachment #3). Therefore, if the Commission approves LAFCO 3273 and none of the affected agencies has

submitted written opposition to a waiver of protest proceedings, staff recommends pursuant to Government Code Section 56662(d) that the Commission waive the protest proceedings and direct the Executive Officer to complete the action following completion of the mandatory reconsideration period of 30-days.

CONCLUSION:

LAFCO 3273 was submitted to provide water service to APN 0634-121-15, which the property owner is proposing to build a single-family residence on. The parcel is currently not within the District's boundary; therefore, annexation to the District is required in order for the receipt of water service. For these reasons, and those outlined throughout the staff report, staff supports the approval of LAFCO 3273.

DETERMINTIONS:

The following determinations are required to be provided by Commission policy and Government Code Section 56668 for any change of organization/annexation proposal:

1. The annexation area is legally uninhabited containing zero registered voters as certified by the County Registrar of Voters as of April 21, 2025.
2. The County Assessor has determined that the total assessed value of land within the annexation area is \$42,598.
3. The annexation area is within the sphere of influence assigned the Twentynine Palms Water District.
4. Legal notice of the Commission's consideration of the proposal has been provided through publication in the *Hi Desert Star*, a newspaper of general circulation within the area. As required by State law, individual notices were provided to all affected and interested agencies, County departments, and those individuals and agencies having requested such notice.
5. In compliance with the requirements of Government Code Section 56157 and Commission policies, LAFCO staff has provided individual notice to landowners and registered voters surrounding the annexation area (totaling 25 notices). Comments from landowners, registered voters, and other individuals and any affected local agency in support or opposition have been reviewed and considered by the Commission in making its determination.
6. The County's land use designation for the annexation area is RL-10 (Rural Living, 10 acres minimum). No change in land use is anticipated as a result of the annexation to the Twentynine Palms Water District.

7. The Southern California Associated Governments (SCAG) has adopted its 2024-2050 Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS), referred to as Connect SoCal 2024, pursuant to Government Code Section 65080. LAFCO 3273 has no direct impact on SCAG's Connect SoCal 2024.
8. The Local Agency Formation Commission has determined that this proposal is exempt from environmental review. The basis for this determination is that the Commission's approval of the annexation has no potential to cause a significant adverse impact on the environment; and therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061(b)(3). The Commission adopted the Exemption and directed its Executive Officer to file a Notice of Exemption within five (5) days with the San Bernardino County Clerk of the Board of Supervisors.
9. The annexation area is served by the following local agencies: County of San Bernardino, Hi-Desert Memorial Healthcare District (dba Morongo Basin Healthcare District), Mojave Desert Resource Conservation District, San Bernardino County Fire Protection District and its South Desert Service Zone and its Zone FP-5, and County Service Area 70 (unincorporated County-wide multi-function agency) and its Zone TV-4.

None of these agencies are affected by this annexation proposal as they are either regional in nature or identified for other services for the annexation area.

10. A plan was prepared for the extension of water service to the annexation area, as required by law. The Plan for Service indicates that the Twentynine Palms Water District can provide water service to APN 0631-051-28 and can maintain and/or improve the level of service currently available. A copy of this plan is included as a part of Attachment #2 to this report.

The Plan for Service has been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that the Plan for Service conforms to those adopted standards and requirements.

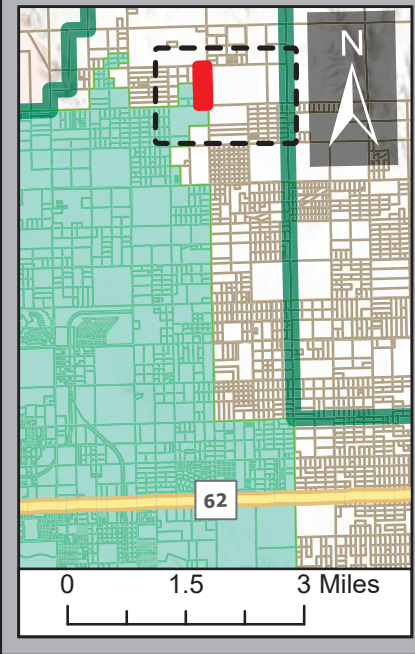
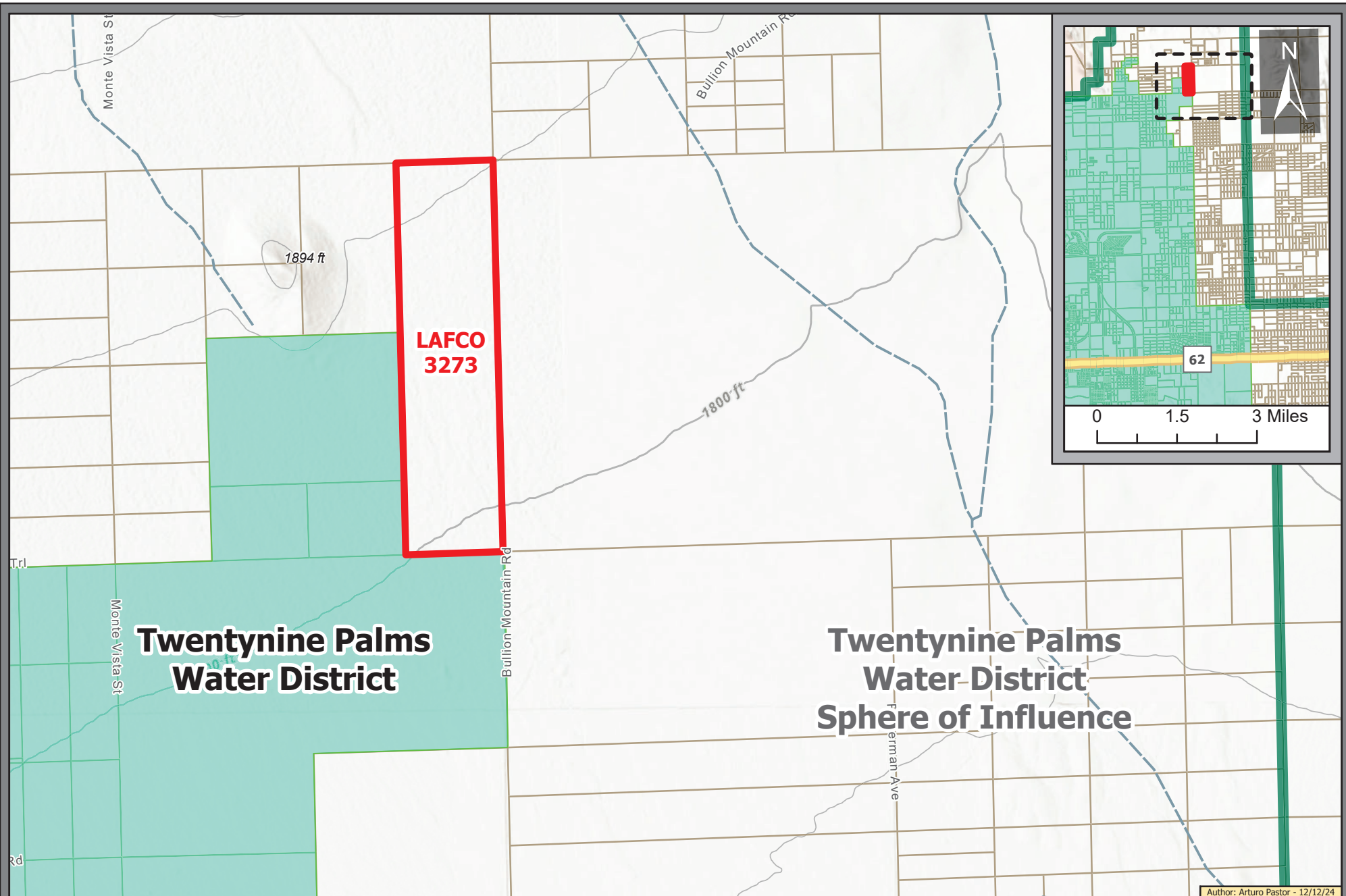
11. The annexation area can benefit from the availability and extension of water service from the Twentynine Palms Water District.
12. With respect to environmental justice, the annexation proposal—which is to provide water service to the parcel—will not result in unfair treatment of any person based on race, culture or income.
13. The County of San Bernardino, acting on behalf of the Twentynine Palms Water District, adopted a resolution indicating there will be no transfer of property tax

revenues as a result of the annexation. This resolution fulfills the requirement of Section 99 of the Revenue and Taxation Code.

14. The maps and legal descriptions are in substantial compliance with LAFCO and State standards.

Attachments:

1. [Vicinity Maps for the Annexation Proposal](#)
2. [Twentynine Palms Water District Application and Plan for Service](#)
3. [Landowner Consent Form](#)
4. [Tom Dodson's Environmental Response for LAFCO 3273](#)
5. [Draft Resolution No. 3418](#)

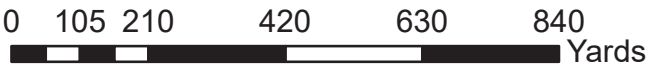


Author: Arturo Pastor - 12/12/24

Vicinity Map
LAFCO 3273 - Annexation to the Twentynine Palms Water District (APN 0634-121-15)

- LAFCO 3273 (APN 0634-121-15)
- Twentynine Palms WD
- Highway
- Twentynine Palms WD SOI

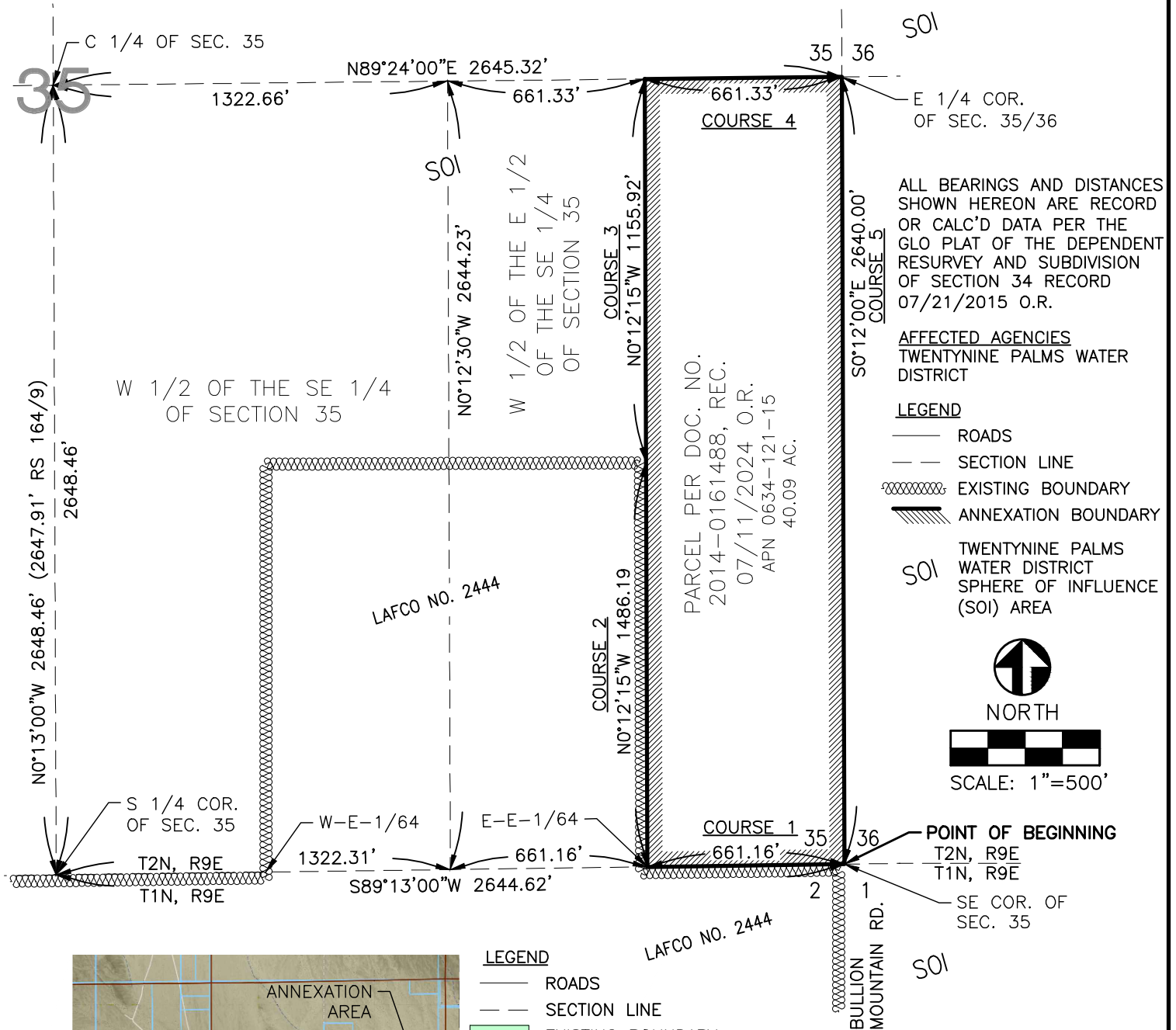
Disclaimer: This information shown is intended to be used as general display and is not to be used as an official map.



LAFCO 3273

ANNEXATION TO TWENTYNINE PALMS WATER DISTRICT (APN 0634-121-15)

E 1/2 OF THE E 1/2 OF SE 1/4 OF SECTION 35
TOWNSHIP 2 NORTH, RANGE 9 EAST



ALL BEARINGS AND DISTANCES SHOWN HEREON ARE RECORD OR CALC'D DATA PER THE GLO PLAT OF THE DEPENDENT RESURVEY AND SUBDIVISION OF SECTION 34 RECORD 07/21/2015 O.R.

AFFECTED AGENCIES
TWENTYNINE PALMS WATER DISTRICT

LEGEND

- ROADS
- SECTION LINE
- EXISTING BOUNDARY
- ANNEXATION BOUNDARY
- TWENTYNINE PALMS WATER DISTRICT SPHERE OF INFLUENCE (SOI) AREA



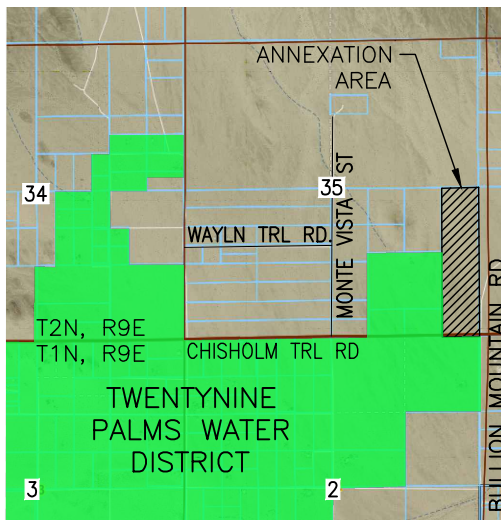
NORTH



SCALE: 1"=500'

LEGEND

- ROADS
- SECTION LINE
- EXISTING BOUNDARY
- SOI AREA
- ANNEXATION BOUNDARY

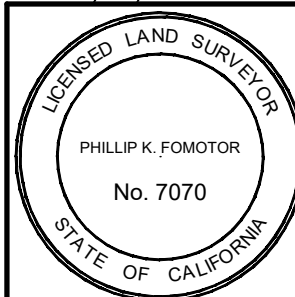


VICINITY MAP
NOT TO SCALE

FOMOTOR ENGINEERING

225 S. CIVIC DRIVE, SUITE 1-5
PALM SPRINGS, CA. 92262
PH. (760) 323-1842

DATE: 5/12/2025



THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY DIRECTION, BASED ON RECORD INFORMATION.

[Signature]
PHILLIP K. FOMOTOR, P.L.S.

SAN BERNARDINO LAFCO APPLICATION AND PRELIMINARY ENVIRONMENTAL DESCRIPTION FORM

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the application to allow the San Bernardino LAFCO, its staff and others to adequately assess the proposal. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your proposal. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. NAME OF PROPOSAL: **ANNEXATION APN #0634-121-15 (JOHN D. RUDOMETKIN-OWNER)**
2. NAME OF APPLICANT: **TWENTYNINE PALMS WATER DISTRICT**
APPLICANT TYPE: Landowner Local Agency
 Registered Voter Other _____
MAILING ADDRESS: **72401 HATCH RD. TWENTYNINE PALMS, CA 92277**
PHONE: **(760) 367-7546**
FAX: **(760) 367-6612**
E-MAIL ADDRESS: **mshragge@29palmswater.org**
3. GENERAL LOCATION OF PROPOSAL: **Mr. Rudometkin purchased a 40.09-acre lot on the north side of Old Chisholm Trail (Squaw Road) between Monte Vista Street and Bullion Mountain Road.**
4. Does the application possess 100% written consent of each landowner in the subject territory?
YES NO If YES, provide written authorization for change.
5. Indicate the reason(s) that the proposed action has been requested. **Mr. Rudometkin desires to annex this property into the District to obtain water service so that he can build a single family residence.**

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres): **One 40.09-acre parcel.**
2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, four-plex, 10-unit], apartments): **This property is currently vacant land and has not undergone any development to date.**
3. Approximate current population within area: **Zero (0).**

4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s): **N/A- Not annexing into a city.**

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):
RL-10

5. Describe any special land use concerns expressed in the above plans. In addition, for a City Annexation or Reorganization, provide a discussion of the land use plan's consistency with the regional transportation plan as adopted pursuant to Government Code Section 65080 for the subject territory: **None.**
6. Indicate the existing use of the subject territory. **Vacant Land.**

What is the proposed land use? **Owner desires to build a single family residence.**

7. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)? YES NO If YES, please explain. **The District is not operating at or near capacity. Therefore, this project would not have an impact on the District's ability to supply water to a single family residence on this property.**
8. On the following list, indicate if any portion of the territory contains the following by placing a checkmark next to the item:

- | | |
|--|--|
| <input type="checkbox"/> Agricultural Land Uses | <input type="checkbox"/> Agricultural Preserve Designation |
| <input type="checkbox"/> Williamson Act Contract | <input type="checkbox"/> Area where Special Permits are Required |
| <input type="checkbox"/> Any other unusual features of the area or permits required: _____ | |

9. Provide a narrative response to the following factor of consideration as identified in §56668(p):
The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services:

Parcel #0634-121-15, is located within the Sphere of Influence of the Twentynine Palms Water District as determined by San Bernardino Local Agency Formation Commission. Given that this parcel is in the sphere of influence, the owner of the parcel desires to annex in order to get access to water service, the annexation process positively promotes environmental justice by providing a pathway to water service while meeting the goals and objectives of San Bernardino LAFCO.

There is another option for the property owner to drill a water well. However local geologic data and institutional knowledge tends to support a lack of groundwater, sustainable or suitable for the development of the property. This is the primary reason for the request to annex the parcel into the boundaries of the Twentynine Palms Water District.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. **Generally Flat Alluvial Plain with Light Rock Formation. No Blue Line Streams Noted.**

2. Describe any existing improvements on the subject territory as % of total area.

Residential	0%	Agricultural	0%
Commercial	0%	Vacant	0%
Industrial	0%	Other	0%

3. Describe the surrounding land uses:

NORTH **Residential and vacant desert land - private or BLM/Federal ownership**

EAST **Residential land – private or BLM/Federal ownership**

SOUTH **Residential and vacant desert land - private or BLM/Federal ownership**

WEST **Residential and vacant desert land - private or BLM/Federal ownership**

4. Describe site alterations that will be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.).

The water meter will be installed on the mainline running east to west on Old Chisholm Trail (Squaw Road) immediately adjacent to the south property boundary. The meter will be placed on either the southwest (SW) or southeast (SE) corner of the parcel.

5. Will service extensions accomplished by this proposal induce growth on this site? YES
NO **X** Adjacent sites? YES NO Unincorporated Incorporated

6. Are there any existing out-of-agency service contracts/agreements within the area? YES
NO **X** If YES, please identify.

7. Is this proposal a part of a larger project or series of projects? YES NO **X** If YES, please explain.

NOTICES

Please provide the names and addresses of persons who are to be furnished mailed notice of the hearing(s) and receive copies of the agenda and staff report.

NAME: **TWENTYNINE PALMS WATER DISTRICT** TELEPHONE NO.: **760-367-7546**
 ADDRESS: **72401 HATCH ROAD TWENTYNINE PALMS, CA 92277**
 NAME: **MR. MATTHEW SHRAGGE** TELEPHONE NO.: **760-367-7546**
 ADDRESS: **72401 HATCH RD. TWENTYNINE PALMS, CA 92277**

CERTIFICATION

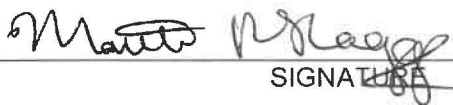
As a part of this application, the **TWENTYNINE PALMS WATER DISTRICT**, and **MATTHEW SHRAGGE** (real party in interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 12-16-24


SIGNATURE

MATTHEW SHRAGGE

Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

GENERAL MANAGER/TWENTYNINE PALMS WATER DISTRICT

Title and Affiliation (if applicable)

NAME: **TWENTYNINE PALMS WATER DISTRICT** TELEPHONE NO.: **760-367-7546**

ADDRESS: **72401 HATCH ROAD TWENTYNINE PALMS, CA 92277**

NAME: **MR. JOHN D. RUDOMETKIN** TELEPHONE NO.: **310-409-8130**

ADDRESS: **55068 BAKER TRAIL YUCCA VALLEY, CA 92284**

CERTIFICATION

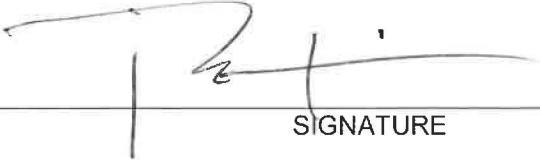
As a part of this application, the **TWENTYNINE PALMS WATER DISTRICT**, and **JD RUDOMETKIN** (real party in interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

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As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 11/25/24


SIGNATURE

John D. Rudometkin

Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

Land Owner/Applicant

Title and Affiliation (if applicable)

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- CITY INCORPORATION SUPPLEMENT
- FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- ACTIVATION OR DIVESTITURE OF FUNCTIONS AND/OR SERVICES FOR SPECIAL DISTRICTS SUPPLEMENT

KRM-Rev. 8/19/2015

SUPPLEMENT ANNEXATION, DETACHMENT, REORGANIZATION PROPOSALS

INTRODUCTION: The questions on this form are designed to obtain data about the specific annexation, detachment and/or reorganization proposal to allow the San Bernardino LAFCO, its staff and others to adequately assess the proposal. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. Please identify the agencies involved in the proposal by proposed action:

ANNEXED TO
Twentynine Palms Water District

DETACHED FROM

2. For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following: **N/A**

a. Has pre-zoning been completed? YES NO

b. If the response to "a" is NO, is the area in the process of pre-zoning? YES NO

Identify below the pre-zoning classification, title, and densities permitted. If the pre-zoning process is underway, identify the timing for completion of the process.

N/A

3. For a city annexation, would the proposal create a totally or substantially surrounded island of unincorporated territory?

YES NO If YES, please provide a written justification for the proposed boundary configuration.

N/A

4. Will the territory proposed for change be subject to any new or additional special taxes, any new assessment districts, or fees?

Not to the District's knowledge.

5. Will the territory be relieved of any existing special taxes, assessments, district charges or fees required by the agencies to be detached?

Not to the District's knowledge.

6. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract.

N/A

7. Provide a description of how the proposed change will assist the annexing agency in achieving its fair share of regional housing needs as determined by SCAG.

N/A

8. **PLAN FOR SERVICES:**

For each item identified for a change in service provider, a narrative "Plan for Service" (required by Government Code Section 56653) must be submitted. This plan shall, at a minimum, respond to each of the following questions and be signed and certified by an official of the annexing agency or agencies.

- A. A description of the level and range of each service to be provided to the affected territory.
- B. An indication of when the service can be feasibly extended to the affected territory.
- C. An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.
- D. The Plan shall include a Fiscal Impact Analysis which shows the estimated cost of extending the service and a description of how the service or required improvements will be financed. The Fiscal Impact Analysis shall provide, at a minimum, a five (5)-year projection of revenues and expenditures. A narrative discussion of the sufficiency of revenues for anticipated service extensions and operations is required.
- E. An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.
- F. If retail water service is to be provided through this change, provide a description of the timely availability of water for projected needs within the area based upon factors identified in Government Code Section 65352.5 (as required by Government Code Section 56668(k)).

CERTIFICATION

As a part of this application, the **Twentynine Palms Water District**, and **Matthew Shragge** (real party in interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

As the proponent, I acknowledge that annexation to the **Twentynine Palms Water District** may result in the imposition of taxes, fees, and assessments existing within the (city or district) on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIIC and XIID of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

I hereby certify that the statements furnished above and the documents attached to this form present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 12-16-24



SIGNATURE

Matthew Shragge

Property)

Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject

General Manager/Twentynine Palms Water District

Title and Affiliation (if applicable)

CERTIFICATION

As a part of this application, the **Twentynine Palms Water District**, and **John D. Rudometkin** (real party in interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

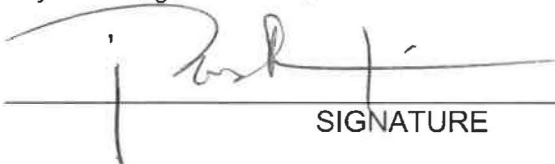
This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

As the proponent, I acknowledge that annexation to the **Twentynine Palms Water District** may result in the imposition of taxes, fees, and assessments existing within the (city or district) on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIII C and XIII D of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

I hereby certify that the statements furnished above and the documents attached to this form present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 11/25/24


SIGNATURE

John D. Rudmoetkin

Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

Land Owner/Applicant

Title and Affiliation (if applicable)



TWENTYNINE PALMS WATER DISTRICT

INDEMNIFICATION AGREEMENT BY PROPERTY OWNER IN FAVOR OF TWENTYNINE PALMS WATER DISTRICT (DISTRICT) IN CONNECTION WITH THE DISTRICT'S SAN BERNARDINO LAFCO APPLICATION FOR ANNEXATION OF THE PROPERTY OWNER'S PROPERTY TO THE DISTRICT'S SERVICE TERRITORY FOR WATER SERVICE

In consideration for the LAFCO application filed by Twentynine Palms Water District (District) for the benefit of the undersigned Property Owner in order for the Property Owner to connect to the District's water system for water service to the Property Owner's property located at:

APN: 0634-121-15

A 40 Acre Vacant Lot on Old Chisholm Trail (Squaw Road) at Bullion Mountain (Northwest Corner)

The Property Owner agrees as follows:

The Property Owner shall be responsible for all fees, costs and expenses (LAFCO Costs) incurred by the District in connection with the District's LAFCO application mentioned above which, if successful, should enable the Property Owner to apply for a water connection to and water service from the District. Such LAFCO Costs include any fees, costs, and expenses charged by LAFCO and any attorneys' fees charged by LAFCO or incurred by the District in connection with the District's LAFCO application. Such costs and expenses are in addition to the regular payment by the Property Owner of the District's water rates, fees, and charges for such water connection and water service.

In addition, the Property Owner and the District agree that the District shall, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, defense costs, court costs, or any other costs arising out of or in any way related to the District's LAFCO application or any third party legal challenge to the Agency's LAFCO application. Accordingly, the provisions of this indemnity provision are intended by the parties to be interpreted and construed to provide the fullest protection possible to the District.

Therefore, the Property Owner shall defend, indemnify, and hold harmless the District (with legal counsel chosen by the District), its employees, agents, and officials, from any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses, or costs of any kind, whether actual, alleged or threatened, including actual attorney's fees incurred by the District, courts costs, interest, defense costs including expert witness fees, and any other costs or expenses of any kind whatsoever, without restriction or limitation, incurred in relation to, as a consequence of or arising out of, or in any

LAFCO Application – Annexation Indemnification Agreement APN 0634-121-15

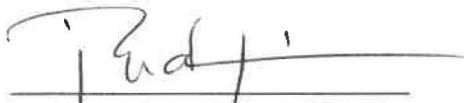
way attributable actually, allegedly or impliedly, in whole or in part, in connection with the District's LAFCO application. All obligations under this provision are to be paid by Property Owner as they are incurred by the District.


Each of the persons signing below represent that they have the authority to act on behalf of the respective parties to this indemnification agreement and to bind those parties to the obligations of this agreement.

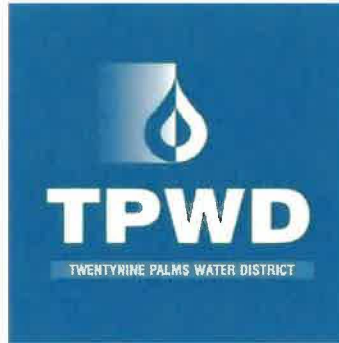
Executed in Twentynine Palms, California on the date indicated by each signature below.

Property Owner

Twentynine Palms Water District


By: John D. Rudometkin
Date: 11/25/24


By: Matthew Shrage
Date: 11-25-24



San Bernardino Local Agency Formation Commission

PLAN OF SERVICE REPORT- ANNEXATION OF PARCEL #0634-121-15

October 2024

Prepared on Behalf of Applicant/Property Owner: John D. Rudometkin

By

Twentynine Palms Water District

Matthew Shragge

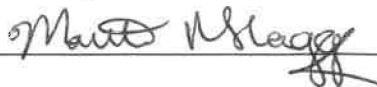
Twentynine Palms Water District

72401 Hatch Rd.

Twentynine Palms, CA

92277

I certify the information
contained in this Plan of Service
Report is accurate to the best of my
knowledge.



SUMMARY:

This Plan for Service was prepared in accordance with Government Code Section 56653 and is included as an attachment to the application for annexation of Assessor Parcel No. 0634-121-15 (40.09- acres located north of Old Chisholm Trail between Monte Vista street and Bullion Mountain Road, Twentynine Palms, CA).

The annexation was requested by the property owner, John D. Rudometkin. Twentynine Palms Water District will serve as the applicant on behalf of the landowner.

Mr. Rudometkin recently purchased this vacant 40-acre parcel with the understanding that the parcel would require annexation from the District's Sphere of Influence into its service territory in order to access water service from the Twentynine Palms Water District.

The annexation is for one single parcel and one water meter which is the basis for this Plan of Service in meeting the minimum requirements for such under the LAFCO guidelines.

- A. Level and Range of Service to be Provided:** The property owner is seeking access to water service from the Twentynine Palms Water District. To the District's knowledge, there would be no other entity that would be providing a "service" for which LAFCO would be required to approve (ie. sewer service).

The level of service would be provided through a 1-inch water service and a 5/8-inch water meter installed at the southern edge of the property connected to an existing 6-inch water main.

- B. Discuss When Service can be Feasibly Extended to the Parcel:** The parcel in question lies adjacent to an existing 6-inch water mainline. The only additional work needed is to install the 1-inch service line and 5/8-inch meter. Once the annexation proceeding are completed to bring the parcel into the District's service territory, the water meter and service line can be installed within three weeks of that request.

- C. Identify and Improvements or Upgrades the District would Impose on the Territory:** There would be no additional infrastructure needed to serve this parcel.

- D. Fiscal Impact Analysis:** The District has the capacity to serve this parcel. The fiscal impact of adding one additional service connection would not be significant and is within the projected annual growth for the District. The District's 2020 Rate Study and 2021 Water Capital Facility Study were designed to adequately fund the District's future operations moving forward. The District's Rate Study includes a 20 year financial plan that forecasts the District's water utility revenues and expenditures, including reserves.

The District's 2020 Rate Study was received and approved October 28, 2020 and the 2021 Water Capital Facility Study was received and approved February 24, 2021. Both studies are submitted as Appendix to this report.

- E. **Annexing Parcel to Existing Improvement District:** This parcel would be part of the Cooper Area pressure zone 2080. The Cooper Area was known as Assessment District 4 and was annexed into the District in 1987. (LAFCO Resolution No. 2105)

- F. **Water Availability to Parcel:** Upon finalization of approvals by San Bernardino LAFCO to annex the territory (a single 40.09-acre parcel) and payment of fees applicable to initiating water service, the District can install the needed improvements within approximately three weeks.

APPENDICES

1. Water Rate Study Finding - Financial Plan and Resulting Rate Study, NBS Government, October 2020 - Received and filed by the Board of Directors on October 28, 2020.
2. Water Capital Facility Fee Study Findings, NBS Government, February 2021, Received and filed by the Board of Directors on February 24, 2021.
3. Ordinance No. 99 Adoption of New or Increased Fees, adopted December 16, 2020.



32605 Temecula Parkway, Suite 100
Temecula, CA 92592

Toll free: 800.676.7516

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DRAFT TECHNICAL MEMORANDUM

TO: RAY KOLISZ, GENERAL MANAGER, TWENTYNINE PALMS WATER DISTRICT
CINDY BYERRUM, MPA, CPA, EIDE BAILLY CONSULTING GROUP

FROM: KIM BOEHLER, NBS DIRECTOR
JORDAN TAYLOR, NBS CONSULTANT

SUBJECT: WATER RATE STUDY FINDINGS

DATE: OCTOBER 2, 2020

SECTION 1. PURPOSE

Twentynine Palms Water District (District, Utility) retained NBS to update the 2015 Water Rate Study that we completed for the District. This memo summarizes the updated rate analyses, including projected revenues and expenditures, net revenue requirements, cost-of-service analyses, and the new water rate alternatives. Findings documented in this memo focus on strategies for meeting the District's revenue requirements in order to fully fund the forecasted operations and planned capital improvement expenditures in a manner that is fiscally sustainable, complies with industry standard cost-of-service principles, and minimizes projected rate increases.

Tables and descriptions of the financial plan, along with the resulting rates, are presented in this technical memo. More detailed results of this rate study are provided in the appendix.

SECTION 2. OVERVIEW OF THE RATE STUDY

Comprehensive rate studies such as this one typically include three components: (1) preparation of a financial plan which identifies the net revenue requirements for the utility; (2) analysis of the cost to serve each customer class, and; (3) the rate structure design. These steps are shown in **Figure 1** and are intended to follow industry standards and reflect the fundamental principles of cost-of-service rate making embodied in the American Water Works Association (AWWA) Principles of Water Rates, Fees,

and Charges¹, also referred to as the Manual M1. They also address requirements under California Constitution article XIII D, section 6 (commonly referred to as Proposition 218) that rates not exceed the cost of providing the service and be proportionate to the cost of service for all customers.

FIGURE 1. PRIMARY COMPONENTS OF A RATE STUDY



In terms of the chronology of the rate study, these three steps represent the order in which they are generally performed. Tables for each of the water rate study components are provided in the Appendix included at the end of this technical memorandum.

SECTION 3. KEY RATE STUDY FINDINGS

3.1 FINANCIAL PLAN

It is important for municipal utilities to follow sound financial management practices. This includes developing and adopting water rates that are fair and equitable, meet annual revenue requirements, maintain reasonable reserves, adequately fund working capital, promote good credit ratings, and comply with industry standards.

The following is a summary of the current financial state of the water utility:

- **Meeting Revenue Requirements:** The Water Utility is in a financial position where there is currently enough revenue to cover operating expenses; however, the District is not able to pay for necessary capital improvement projects over the long-term and maintain reserves at sufficient levels. Under its adopted budget and implicit levels of service, operating expenses are projected to be approximately \$4.6 million and planned capital expenditures are \$3.3 million for Fiscal Year 2020/21. Annual revenues that may be applied toward these expenditures are projected to total just over \$5 million, which is primarily from water rates and the water

¹ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017.*

availability assessment. Without changes to current water rates, the District is faced with a deficit of nearly \$2.9 million in the current fiscal year, because current rates will not be able to fully fund the District's capital improvement program and the annual deficit is projected to continue in future years. It is important for the District to ensure rates will be sufficient to fund capital improvements and investments in the long run. Without an increase to existing rates, this will not be possible. This is not a sustainable position and it should be remedied.

- **Maintaining Reserve Funds:** The District should maintain sufficient operating and capital reserves. Currently, reserves are not adequate to meet the adopted reserve targets. The District should adopt a plan that will provide the revenue necessary to build reserves up to the appropriate levels over time. NBS recommends the following reserve targets:
 - **Operating Reserve** – An Operating Reserve is intended to maintain financial viability by providing a “cash cushion” for normal operations in the event of any short-term or unanticipated fluctuation in revenues and/or expenditures. The District should maintain an Operating Reserve equal to six-months (or 50%) of the annual operating expenses for the utility, or \$2.17 million (in 2020 dollars).
 - **Capital Rehabilitation and Replacement Reserve** – It is a best management practice to annually set aside funds in a Capital Replacement Reserve for ongoing and future system repair, rehabilitation, and replacement. The District should maintain a minimum of six percent of the Utility's net assets plus the annual capital improvement budget in this reserve. If ratepayers can generate revenues to maintain the reserve balance at this level, they will have reserved a cash resource that can be applied toward future replacement and rehabilitation needs. This six percent of net assets plus the annual capital improvement budget equates to approximately \$3.36 million (in 2020 dollars).
- **Capital Improvement Program:** The District must also be able to fund necessary capital improvements for the District to maintain current service levels. District staff has identified roughly \$7 million (current year value) in planned capital improvements for the District's water system for FY 2020/21 through 2024/25. Without the rate adjustments recommended in this study, the District will not be able to sufficiently fund planned capital improvements.

3.2 WATER UTILITY REVENUE REQUIREMENTS

To identify the District's long-term financial needs, NBS developed a 20-year financial plan that forecasts water utility revenues and expenditures, including reserves. The financial plans are based on the District's Fiscal Year 2020/21 operating budget for the Utility, discussions with District staff, and related information such as financial statements and capital improvement plans. The rate alternatives proposed in this study are inclusive of the projected costs of inflation. The cost inflation factors used in this study were developed in conjunction with District Staff and are shown in **Figure 2**.

Figure 2. Cost Inflation Assumptions

Cost Inflation Factors ¹	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Customer Growth ²	0.00%	0.00%	0.00%	0.00%	0.00%
General Cost Inflation	2.00%	2.00%	2.00%	2.00%	2.00%
Salary Cost Inflation	0.00%	5.00%	5.00%	5.00%	5.00%
Benefit Cost Inflation	5.00%	5.00%	5.00%	5.00%	5.00%
OPEB Liability Cost Inflation	6.00%	6.00%	6.00%	6.00%	6.00%
Past Unfunded OPEB Liability Cost Inflation	6.00%	6.00%	6.00%	6.00%	6.00%
Electricity Cost Inflation - Source of Supply	3.00%	3.00%	3.00%	3.00%	3.00%
Electricity Cost Inflation - Pumping	3.00%	3.00%	3.00%	3.00%	3.00%
Electricity Cost Inflation - Other	3.00%	3.00%	3.00%	3.00%	3.00%
Chemical Cost Inflation - Treatment Wells	3.00%	3.00%	3.00%	3.00%	3.00%
Chemical Cost Inflation - Treatment Facility	3.00%	3.00%	3.00%	3.00%	3.00%
Conservation (Water sales decline)	0.00%	0.00%	0.00%	0.00%	0.00%

1. Inflation factors are per District 2020/21 Adopted Budget (source file: 29 Palms Adopted Budget FY 2020-21.xlsm, Assumptions tab).

2. Customer growth is preliminarily estimated at 0%.

Figure 3 summarizes the five-year financial plan, showing a more traditional “sources and uses” of funds, along with the estimated annual surplus or deficit; **Figure 4** summarizes water revenues for the next seven years under current rates and proposed rate increase alternatives compared to the District’s expenses. There are two Financial Plan alternatives for the District’s consideration that are structured to collect additional revenue as follows:

- Alternative 1 – the goal is to collect 8% more revenue from rates overall each year through FY 2024/25.
- Alternative 2 – the goal is to collect 10% more revenue from rates overall each year through FY 2024/25.

Figure 5 summarizes seven years of projected ending cash balances compared to recommended reserve targets for the two proposed rate increase alternatives. The additional two years past the Prop 218 rate period are shown to demonstrate that cash reserves are projected to meet target levels in FY 2026/27 under the 8% rate increase alternative. Under the 10% rate increase alternative, cash reserves are projected to meet target levels in FY 2025/26.

Figure 3. Summary of Five-Year Financial Plan

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget	Projected			
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Water Funds					
Rate Revenue Under Prevailing Rates ¹	\$ 4,640,400	\$ 4,640,400	\$4,640,400	\$4,640,400	\$ 4,640,400
Water Availability Assessment	578,900	578,900	578,900	578,900	578,900
Miscellaneous Fees	124,100	158,900	177,300	191,800	201,600
Interest Earnings	110,000	110,600	111,200	111,800	112,400
Total Sources of Funds	\$ 5,453,400	\$ 5,488,800	\$5,507,800	\$5,522,900	\$ 5,533,300
Uses of Water Funds					
Operating Expenses	\$ 4,669,100	\$ 4,956,100	\$5,034,200	\$5,378,700	\$ 5,423,600
Debt Service	243,732	243,732	243,733	243,734	243,735
Rate-Funded Capital Expenses	2,995,000	1,400,800	965,419	704,809	979,193
Total Use of Funds	\$ 7,907,832	\$ 6,600,632	\$6,243,352	\$6,327,243	\$ 6,646,527
Surplus (Deficiency) before Rate Increase	\$(2,454,432)	\$(1,111,832)	\$ (735,552)	\$ (804,343)	\$(1,113,227)
Net Revenue Requirement²	\$ 7,526,132	\$ 5,782,832	\$5,408,952	\$5,480,443	\$ 5,792,127

1. Includes projected reductions in water sales due to conservation.

2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from water rates.

Figure 4. Summary of Revenue Requirements and Existing vs. Increased Rates

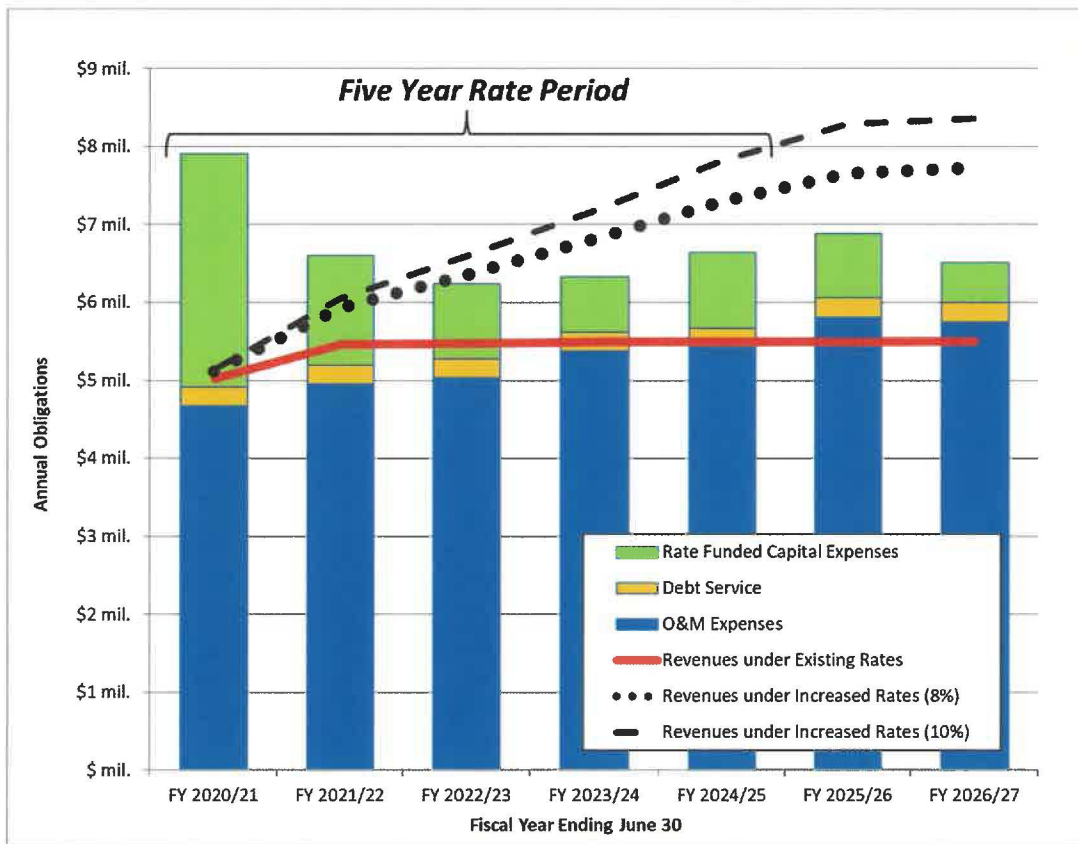
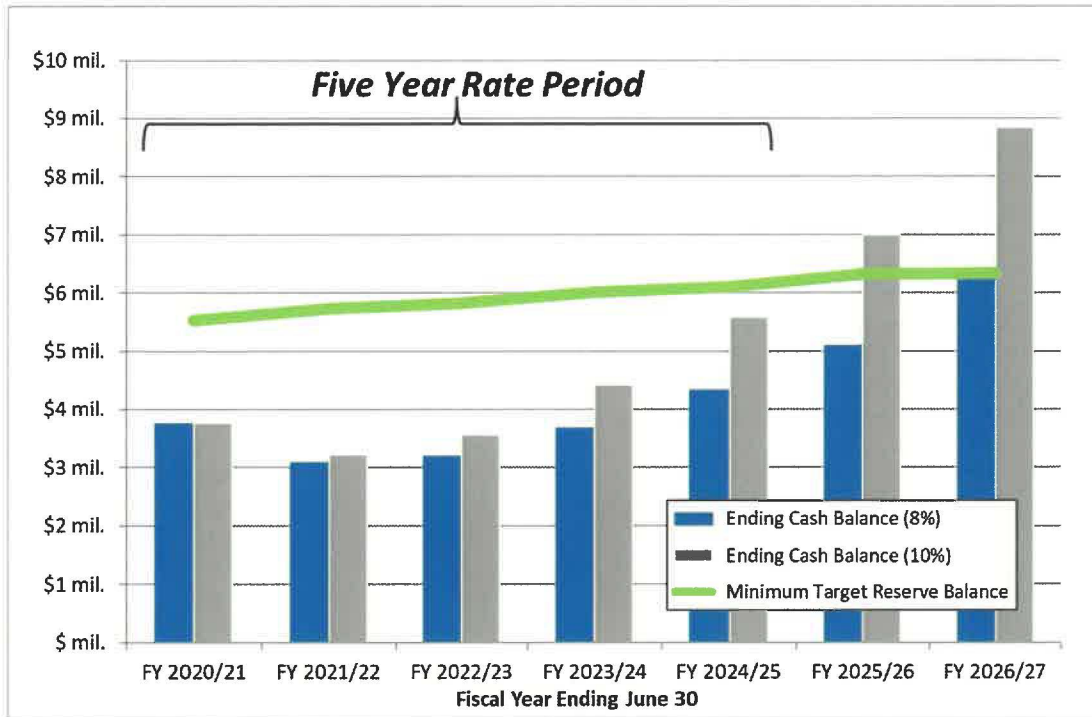


Figure 5. Summary of Ending Cash Balances vs. Recommended Reserve Targets



3.3 CAPITAL IMPROVEMENT PROGRAM

The District has a five-year Capital Improvement Program with approximately \$7 million (current value) in planned capital projects for the District’s water system. **Figure 6** shows the list of capital projects that were factored into the financial plans and the amount planned for Fiscal Year 2020/21 through 2024/25. Project costs are listed in current and future values; future values reflect the estimated cost of each project in the year the project is planned, including projected cost inflation of 3% per year, per the Engineering News Record Construction Cost Inflation Index².

² See Appendix Tables 13 for the detailed capital project costs that include projected cost inflation and Table 14 for the cost inflation factors applied to project costs.

Figure 6. Five-Year Capital Improvement Program

Project Description	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
District Projects					
GW Mgmt. Plan & Urban Water Mgmt. Plan	\$ 100,000	\$ -	\$ 47,741	\$ -	\$ -
Treatment Feasibility & Exploration Costs	35,000	-	-	-	168,826
Vulnerability Assessment AWIA	45,000	-	-	-	-
Standard Drawings Update	25,000	-	-	-	-
Salt Nutrient Monitoring Wells\Sampling	50,000	-	106,090	-	112,551
Asset Management Plan	50,000	-	-	-	-
USGS Study\Feasibility Study	25,000	-	-	-	-
Centralized Sewer Planning\Groundwater Analysis	-	-	106,090	-	-
Master Plan Updates	85,000	-	-	-	-
Subtotal : District Projects	\$ 415,000	\$ -	\$ 259,921	\$ -	\$ 281,377
Capital Improvement Plan					
Chromium VI and Fluoride for Well 11B	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -
Fluoride Variance (Expiring) - TP-2, W12, W16	1,000,000	-	-	-	-
AMI/AMR* (see footnote)	300,000	-	-	-	-
Emergency Intertie Connection	-	257,500	-	-	-
Pay Meter Station Upgrade	-	-	132,613	-	-
Subtotal : Capital Improvement Plan	\$ 2,300,000	\$ 257,500	\$ 132,613	\$ -	\$ -
Repairs, Rehabilitation, & Maintenance					
Plant 6 Electrical and Well Upgrade	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Emergency Repairs, Unspecified	75,000	61,800	79,568	81,955	90,041
Repiping/Distribution System Upgrades	75,000	77,250	79,568	87,418	90,041
Reservoir Recoating / Cathodic Protection	20,000	-	-	-	196,964
Large Meter Replacement Program	30,000	-	-	-	-
Well Rehabilitation	-	92,700	-	98,345	-
Fluoride Plant Instrumentation\Coating\ SCADA Upgrades	10,000	25,750	106,090	27,318	28,138
Distribution SCADA System	-	-	-	163,909	-
Treated Water Reservoir Coating	50,000	618,000	-	-	-
Campbell Reservoir Road Paving\Seal Coating	100,000	-	-	21,855	-
Hansen Booster Station	-	-	159,135	-	-
Stock well Booster Station	-	36,050	-	-	-
Cactus Booster Station	-	-	42,436	-	-
Lupine Booster Station	-	-	-	43,709	-
2400 Booster Station	-	128,750	-	-	45,020
Subtotal : Total Repairs & Maintenance	\$ 385,000	\$ 1,040,300	\$ 466,796	\$ 524,509	\$ 450,204
Capital Outlay					
Vehicle/Equipment Replacements	\$ 40,000	\$ 46,350	\$ 63,654	\$ 65,564	\$ 45,020
Computer/Technology Replacements	30,000	10,300	10,609	49,173	22,510
GIS	20,000	10,300	21,218	-	-
Administrative Building\Office Remodel	35,000	10,300	10,609	-	11,255
Energy Efficiency Projects	35,000	-	-	27,318	-
One-Time Existing Conditions Sampling Event	20,000	-	-	38,245	-
Parking Lot Seal\Paving	15,000	25,750	-	-	168,826
Subtotal : Total Capital Outlay	\$ 195,000	\$ 103,000	\$ 106,090	\$ 180,300	\$ 247,612
Total: Capital Improvement Program Costs (Future-Year Dollars)	\$ 3,295,000	\$ 1,400,800	\$ 965,419	\$ 704,809	\$ 979,193

The District is planning to fully cash-fund the planned capital expenditures with a combination of existing reserves and rates, thereby avoiding the need for debt financing.

SECTION 4. CURRENT VS. UPDATED WATER RATE

4.1 FIXED AND VARIABLE COSTS

The updated water rates developed in this study are structurally the same as the District’s existing rates, which consist of a fixed service charge by meter size and a uniform commodity charge per one hundred cubic foot (HCF) of consumption that is the same for all customers. However, there is a different commodity charge for customers receiving non-potable water and those using potable water from the

District’s pay station, in addition to a different *fixed charge* for non-potable customers. The non-potable and pay station commodity rates reflect the differences in the cost of service for those customers, which is described in Section 4.3 of this technical memo.

Ideally, utilities should recover all of their fixed costs from fixed charges and all of their variable costs from volumetric charges, because fluctuations in water sales revenues would be directly offset by reductions or increases in variable expenses. Additionally, it also provides greater revenue stability. However, other factors are often considered when designing water rates such as community values, water conservation goals, ease of understanding, and ease of administration.³

Fixed costs generally consist of costs that a utility incurs to serve customers irrespective of the amount of water they use.⁴ These include (1) the infrastructure (capacity-related facilities) required to provide service to customers, (2) costs associated with the peaking requirements, or maximum demand which affects the maximum size of water supply, treatment and delivery system, and (3) administrative and billing costs associated with meter reading, postage and billing.

Variable costs are those that change as the volume of water produced and delivered changes. These commonly include the costs of chemicals used in the treatment process, energy related to pumping for transmission and distribution, and source of supply.

Appendix Tables 15-17 show how the District’s expenses were classified and allocated to the different functions of water service, which translate to fixed and variable charges. Most costs are allocated to multiple functions of water service because costs are rarely 100% allocable to fixed or variable categories. For example, the majority of the source of supply labor costs are allocated equally to commodity and capacity costs and a small portion is allocated to non-potable and pay station water based on the amount of water delivered to these customers, which is shown in Appendix Table 18. The classification (i.e., functionalization) of costs allows us to better allocate the classified costs to the cost causation components, as described in Section 4.2 of this memo. **Figure 7** below shows the types of costs that are fixed vs. variable.

Figure 7. Fixed vs. Variable Costs

Fixed Costs	Variable Costs
Capacity	Commodity
Customer	Non-Potable
Fire Protection	Pay Station

Capacity related costs are those costs associated the maximum demand required at one point in time or the maximum size of facilities required to meet this demand. **Customer** related costs are costs associated with having a customer on the water system, such as meter reading, postage and billing. **Fire protection** costs are those costs associated with providing sufficient capacity in the system for fire

³ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, American Water Works Association, Seventh Edition, see pp. 5 and 96.*

⁴ *Ibid, pp. 137-138.*

meters and other operations and maintenance costs of providing water to properties for private fire service protection. **Commodity** related costs are those costs associated with the total consumption (i.e., flow) of water over a specified period of time (e.g., annual). **Non-potable** related costs are costs associated with operation and maintenance of the non-potable well, source of supply, billing customers and the eventual replacement of the well. **Pay Station** costs are costs related to operating and maintaining the pay station, delivering water to the pay station that customers purchase from the District.

4.2 FUNCTIONALIZATION AND CLASSIFICATION METHODOLOGY

The methodology used in this study to allocate costs to each function of water service is described below. While many of these costs have joint-purposes, and therefore can be allocated to several functional categories, there are no exact or widely accepted industry standards that can be applied. NBS professional judgment and District staff input were considered in developing these allocations. See Appendix Tables 15-17 for the detailed listing for each budget line item.

- **Source of Supply Costs** (excluding electricity) are allocated to pay station and non-potable customers based on the percentage of water these customers consume compared to potable users, which totals 6.88% of source of supply costs. The remaining costs are split evenly between the commodity and capacity component of the rate, because the costs are related to the amount of water sold (commodity) and the size of the supply required to meet customer demand (capacity). Electricity costs are the exception, where they are allocated entirely to the commodity component of the rate, with direct allocations made to non-potable that is based on the actual amount of electricity required to operate the well, and to the pay station based on the amount of water consumed.
- **Pumping Costs** related to labor and supplies are allocated to the pay station customers based on the percentage of water these customers consume compared to potable users, which totals 2.31%. The remaining costs are allocated 67.69% to commodity and 30% to capacity components of the rate, because the costs are closely tied to the size of the system (capacity), and amount of water sold (commodity). Pumping electricity costs are allocated to the pay station based on the amount of water consumed, which is 2.31%, and the other 97.69% is allocated to the commodity component of the rate because they are entirely related to the amount of water consumed.
- **Transmission and Distribution Costs** are allocated 5% to the pay station due to their actual impact on the distribution system, and the remaining is allocated 30% to commodity, 52% to capacity, 5% to customer and 8% to fire protection, based on estimated impacts to the water system. Non-potable customers don't share in these costs because they have a totally separate system that is not connected to the potable water system.
- **Treatment Wells Costs** are allocated overall 30% to commodity, 54.69% to capacity, 5% to customer, 8% to fire protection and 2.31% to the pay station. The allocation percentages are based on the estimated impact to each function of water service.

- **Treatment Facilities Costs** are split equally between commodity and capacity since it is a shared cost for both functions of water service, with the other 2.31% allocated to the pay station, based on the amount of water consumed by these customers.
- **Customer Account Costs** are allocated entirely to the customer component with a small portion allocated to the pay station and non-potable system based on the number of customers each has compared to all other users.
- **General Administration Costs** are allocated 17.65% to commodity, 50% to capacity and 30% to customer since most costs are related to the number of customers and size of the system, and partially related to the amount of water consumed, since they won't change drastically if customers increase or decrease consumption in line with normal consumption patterns. A small portion of these costs are allocated to the pay station and non-potable components based on the number of customers each has compared to all other users.
- **Payouts and Retiree Medical Costs** are allocated 37.65% to commodity, 50% to capacity and 10% to customer based on the approximate amount of impact each function of water service has on operations staff time. A portion of these costs are also allocated to the pay station and non-potable components based on the number of customers each has compared to all other users.
- **Board of Director Costs** are allocated entirely to the customer component, since the Board's purpose is to serve the customers of the water system. A small portion of these costs are allocated to pay station and non-potable components based on the number of customers each has compared to all other users.
- **Non-Operating Expenditures** consist of Unfunded PERS and OPEB liabilities. These costs are allocated 30% to commodity, 54.65% to capacity, 5% to customer, 8% to fire protection, 0.04% to the non-potable system, and 2.31% to the pay station. These allocations are based on the estimated impact to each function of water service.

4.3 ALLOCATION OF COSTS TO CUSTOMER CLASSES

Customer classes are typically determined by grouping customers with similar demand characteristics into categories that reflect the cost differentials to serve each type of customer. The District currently uses meter sizes as customer classes, but also differentiates fixed charges for standard water service, fire service and non-potable water customers.

Variable Charges

There are three separate variable charges for potable, non-potable and pay station customers based on the costs to provide water service to each of these types of customers. The differences in how costs are allocated to each volumetric charge are based on the amount of each type of water consumed, the number of customers, and specific cost differences, such as the amount of electricity required to deliver water to non-potable water customers, as described below.

Once the total amount of revenue to collect from potable water rates is determined (based on the functionalization and classification process described in Section 4.2 of this memo), costs are allocated to each customer class. For **potable water** customers (e.g. single-family, multi-family, commercial, irrigation and fire), the total costs allocated to the commodity component of the rate are then allocated to these customer classes based on the amount of water they consume, which is shown in Appendix Table 22.

For **non-potable** water customers, a direct allocation is made in the functionalization and classification process that reflects this system's fair share of system-wide costs that is primarily based on the number of customers that receive non-potable water, and the amount of water they consume in relation to other customers. The non-potable system operates independently of the District's main potable water system, which is the reason a separate cost of service is determined for this customer class.

As with non-potable customers, a direct allocation is made in the functionalization and classification process to the **pay station rate** that reflects this group of customers share of system-wide costs. Most expenses are allocated to these customers based on the portion of water purchased from the pay station in relation to all other customers, and their share of transmission and distribution costs, as determined by District Staff. A detailed breakdown of how costs are allocated to each of these components is shown in Appendix Tables 14-18, and a summary of this information is shown in Appendix Table 25.

Fixed Charges

Meter sizes have different fixed charges based on the capacity requirements of each size meter connected to the system. This is because larger meters have the potential to use more of the system's capacity, or said differently, they have higher peaking factors compared to smaller meters. The potential capacity demanded (peaking) is proportional to the maximum hydraulic flow through each meter size as established by the AWWA hydraulic capacity ratios shown in **Figure 8**⁵. This figure shows the ratio of potential flow through each meter size compared to the flow of a 3/4-inch meter, which is the base meter size in the District. For the purpose of maintaining continuity in the rate structure, District staff recommends keeping 5/8-3/4-inch meters both equivalent to one meter; which is a common practice in rate setting for meters serving small water users.

As an example, a 2-inch meter has a greater capacity, or potential peak demand than a 3/4-inch meter; therefore the fixed charge for a 2-inch meter is larger than a 3/4-inch meter based on their proportionate capacity requirements⁶. A "hydraulic capacity factor" is calculated by dividing the maximum capacity or flow of large meters by the capacity of the base meter size, which is typically the most common residential meter size (in this case a 3/4-inch meter).

⁵ See American Water Works Association, *Principles of Water Rates, Fees and Charges: Manual of Water Supply Practices M1*, page 386, Appendix B (7th ed. 2017).

⁶ This is reflected in the fixed charge calculations by using the AWWA hydraulic capacity factors to represent the maximum volume each meter size is capable of delivering.

The actual number of meters by size is multiplied by the corresponding capacity ratios to calculate equivalent meters. The number of equivalent meters is used as a proxy for the potential demand that each customer can place on the water system. A significant portion of a water system’s peak capacity and in turn, the utility’s fixed operating and capital costs are related to meeting system capacity requirements⁷. The fixed charges developed in this study reflect current hydraulic capacity factors based on AWWA standards, as shown in Figure 8⁷.

Figure 8. Hydraulic Capacity Factors Used in Fixed Charge Calculations

Meter Size	Standard Meters		Fire Service	
	Meter Capacity (gpm)	Hydraulic Capacity Factor	Meter Capacity (gpm)	Hydraulic Capacity Factor
	<u>Displacement Meters</u>		<u>Displacement Meters</u>	
5/8 inch	20	1.00	20	1.00
3/4 inch	30	1.00	N/A	N/A
1 inch	50	1.67	N/A	N/A
1.5 inch	100	3.33	N/A	N/A
2 inch	160	5.33	160	8.00
	<u>Turbine Class 1</u>		<u>Fire Service Type I</u>	
3 inch	350	11.67	350	11.67
			<u>Compound Class I</u>	
4 inch	630	21.00	500	16.67
6 inch	1,300	43.33	1,000	33.33
	<u>Turbine Class 2</u>		<u>Fire Service Type I</u>	
8 inch	2,800	93.33	1,600	53.33
			<u>Fire Service Type I</u>	
10 inch	4,200	140.00	4,400	146.67
12 inch	5,300	176.67	N/A	N/A

1. Source: AWWA Manual M1, "Principles of Water Rates, Fees and Charges", Table VI 2-5.

2. Source: AWWA Manual M6, "Water Meters - Selection, Installation, Testing, and Maintenance" Table 5-3 for 10 inch fire service meter capacity only.

The District’s existing rates reflect different fixed charges for commercial fire meters than for standard water service customers. Fire service customers differ from other water service customers because their service is more of a standby nature, where a readiness-to-serve charge is appropriate. Except in the event of a fire, these users are not intended to use water on a regular basis. However, the District still needs to provide sufficient capacity for fire meters and recover other operations and maintenance costs of providing water to such properties for private fire service protection.

Based on the cost of service analysis and the standby nature of fire meters, the overall cost to serve these users is less than that of a standard service; therefore, the fixed charges are less. Please note that no capacity factors are shown in Figure 8 for 3/4 through 1 ½ inch meters because the District does not have any, nor does it plan to add any fire service meters of those sizes.

⁷ See American Water Works Association, Principles of Water Rates, Fees and Charges: Manual of Water Supply Practices M1, page 386, Appendix B (7th ed. 2017).

As described in Section 4.2 of this memo, the District has separate variable charges for non-potable water users. The non-potable system is separate from the District’s potable water system and therefore, has distinct costs such as electricity, staff time and the eventual replacement of the non-potable well, which is used only to serve these customers. In this study, separate fixed charges were also developed for non-potable water customers that are based on the estimated costs⁸ of serving these customers, which is approximately \$40,500 for Fiscal Year 2020/21, as shown in **Figure 9**.

Figure 9. Non-Potable Costs

Costs Allocated to Non-Potable Charges	2020/21 Cost
Allocated System-Wide Costs	11,195
Operations Staff Time	5,040
Billing Staff Time	840
Well Replacement Cost	23,449
Total Annual Non-Potable Cost	\$40,524

4.4 PROPOSED RATES

In this study, NBS developed several rate structures for the District to consider that reflect various allocations of fixed and variable charges. The rates that are presented in this memo collect approximately 70% of revenue from variable charges and 30% of revenue from fixed charges, which is the same allocation as the existing water rates. The five-year rate schedules for the Financial Plan alternatives (e.g. the 8% and 10% increases in total rate revenue) are shown in **Figure 10** and **Figure 11**.

⁸ Costs for staff time were the District’s estimate for both the staff time required to serve these customers and a fully burdened hourly rate of \$70/hr. The estimated \$290,000 cost (in 2020 dollars) for eventual replacement of the well is also included in the total cost basis for the non-potable rates.

Figure 10. Current and Proposed Water Rates – Financial Plan Alternative 1 (8% increases)

Water Rate Schedule	Current Rates	Proposed Water Rates				
		Effective 1/1/2021	Effective 1/1/2022	Effective 1/1/2023	Effective 1/1/2024	Effective 1/1/2025
Fixed Service Charge						
5/8-inch	\$27.70	\$27.13	\$29.30	\$31.64	\$34.17	\$36.90
3/4-inch	\$27.70	\$27.13	\$29.30	\$31.64	\$34.17	\$36.90
1-inch Dual Service-Residential	\$27.70	\$27.13	\$29.30	\$31.64	\$34.17	\$36.90
1-inch	\$38.69	\$38.29	\$41.35	\$44.66	\$48.23	\$52.09
1.5-inch	\$66.18	\$66.21	\$71.51	\$77.23	\$83.41	\$90.08
2-inch	\$99.17	\$99.72	\$107.70	\$116.32	\$125.63	\$135.68
3-inch	\$203.63	\$205.82	\$222.29	\$240.07	\$259.28	\$280.02
4-inch	\$357.57	\$362.17	\$391.14	\$422.43	\$456.22	\$492.72
6-inch	\$725.93	\$736.30	\$795.20	\$858.82	\$927.53	\$1,001.73
Commercial Fire Meters - Fixed Service Charge						
2-inch meter	\$64.61	\$88.02	\$95.06	\$102.66	\$110.87	\$119.74
3-inch meter	\$128.11	\$123.62	\$133.51	\$144.19	\$155.73	\$168.19
4-inch meter	\$178.24	\$172.17	\$185.94	\$200.82	\$216.89	\$234.24
6-inch meter	\$345.33	\$333.98	\$360.70	\$389.56	\$420.72	\$454.38
8-inch meter	\$545.84	\$528.16	\$570.41	\$616.04	\$665.32	\$718.55
10-inch meter	\$1,481.57	\$1,434.34	\$1,549.09	\$1,673.02	\$1,806.86	\$1,951.41
Non-Potable Meters - Fixed Service Charge						
2-inch meter	\$1,027.33	\$675.39	\$729.42	\$787.77	\$850.79	\$918.85
Commodity Charges for All Water Consumed						
Commodity Charge Per HCF - Potable	\$3.33	\$3.55	\$3.83	\$4.14	\$4.47	\$4.83
Commodity Charge Per HCF - Non-Potable	\$0.61	\$0.63	\$0.68	\$0.73	\$0.79	\$0.85
Pay Station, Utah Trail Charge Per Gallon	\$0.0122	\$0.0082	\$0.0089	\$0.0096	\$0.0104	\$0.0112

Figure 11. Current and Proposed Water Rates – Financial Plan Alternative 2 (10% increases)

Water Rate Schedule	Current Rates	Proposed Water Rates				
		Effective 1/1/2021	Effective 1/1/2022	Effective 1/1/2023	Effective 1/1/2024	Effective 1/1/2025
Fixed Service Charge						
5/8-inch	\$27.70	\$27.39	\$30.13	\$33.14	\$36.45	\$40.10
3/4-inch	\$27.70	\$27.39	\$30.13	\$33.14	\$36.45	\$40.10
1-inch Dual Service-Residential	\$27.70	\$27.39	\$30.13	\$33.14	\$36.45	\$40.10
1-inch	\$38.69	\$38.66	\$42.53	\$46.78	\$51.46	\$56.61
1.5-inch	\$66.18	\$66.85	\$73.54	\$80.89	\$88.98	\$97.88
2-inch	\$99.17	\$100.68	\$110.75	\$121.83	\$134.01	\$147.41
3-inch	\$203.63	\$207.79	\$228.57	\$251.43	\$276.57	\$304.23
4-inch	\$357.57	\$365.65	\$402.22	\$442.44	\$486.68	\$535.35
6-inch	\$725.93	\$743.38	\$817.72	\$899.49	\$989.44	\$1,088.38
Commercial Fire Meters - Fixed Service Charge						
2-inch meter	\$64.61	\$88.87	\$97.76	\$107.54	\$118.29	\$130.12
3-inch meter	\$128.11	\$124.81	\$137.29	\$151.02	\$166.12	\$182.73
4-inch meter	\$178.24	\$173.82	\$191.20	\$210.32	\$231.35	\$254.49
6-inch meter	\$345.33	\$337.19	\$370.91	\$408.00	\$448.80	\$493.68
8-inch meter	\$545.84	\$533.24	\$586.56	\$645.22	\$709.74	\$780.71
10-inch meter	\$1,481.57	\$1,448.13	\$1,592.94	\$1,752.23	\$1,927.45	\$2,120.20
Non-Potable Meters - Fixed Service Charge						
2-inch meter	\$1,027.33	\$677.19	\$744.91	\$819.40	\$901.34	\$991.47
Commodity Charges for All Water Consumed						
Commodity Charge Per HCF - Potable	\$3.33	\$3.58	\$3.94	\$4.33	\$4.76	\$5.24
Commodity Charge Per HCF - Non-Potable	\$0.61	\$0.63	\$0.69	\$0.76	\$0.84	\$0.92
Pay Station, Utah Trail Charge Per Gallon	\$0.0122	\$0.0083	\$0.0091	\$0.0100	\$0.0110	\$0.0121

Figures 12 and 13 show bill comparison charts for residential and commercial customers under current and proposed rates. Figure 14 shows a comparison of single family residential bi-monthly bills compared to other regional water districts.

Figure 12. Residential Bi-Monthly Bill Comparison

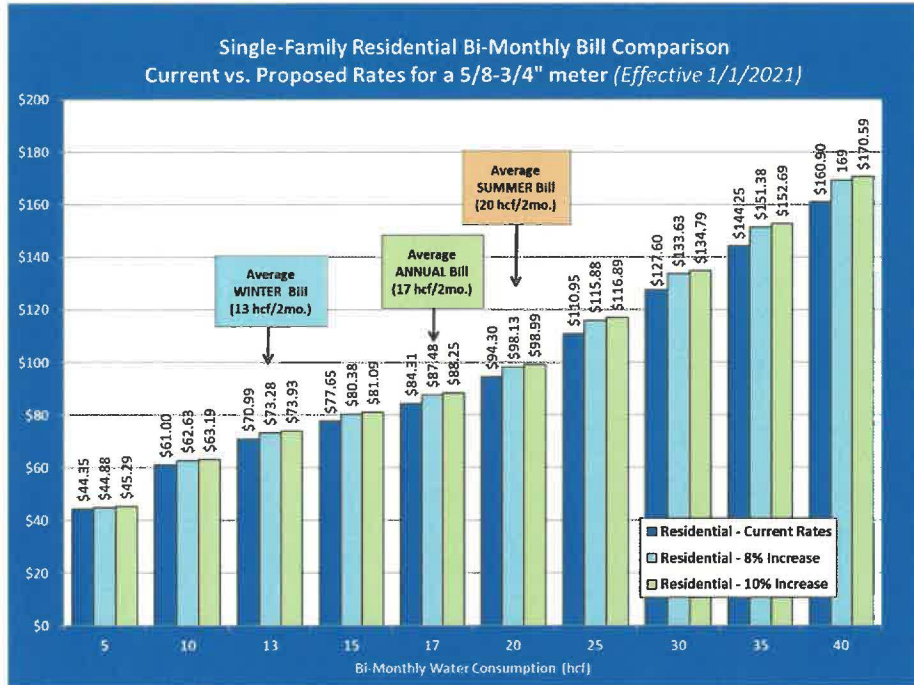


Figure 13. Commercial Bi-Monthly Bill Comparison

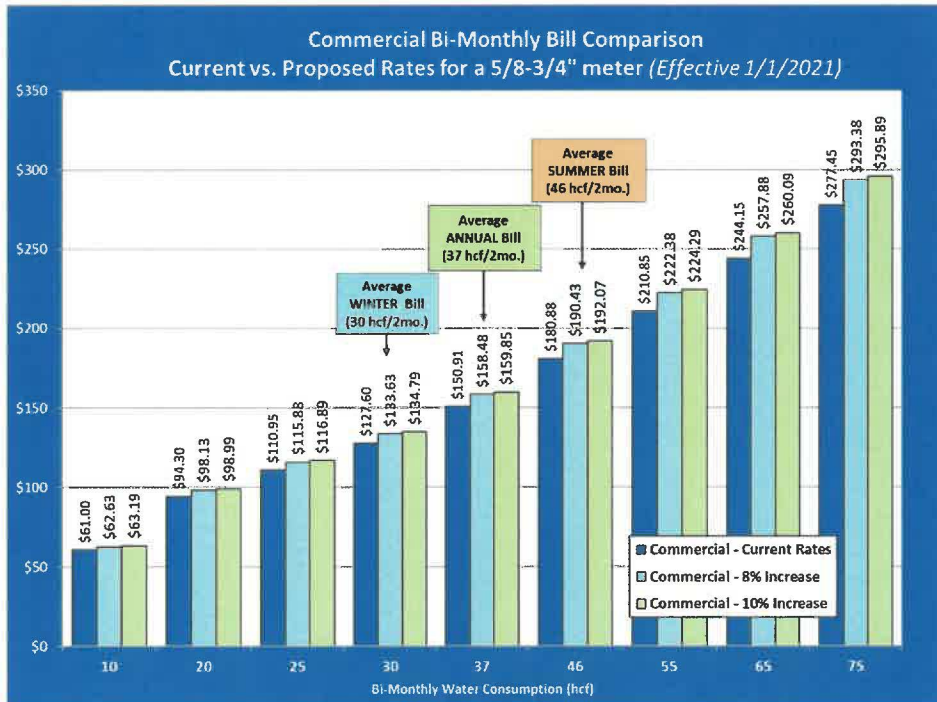
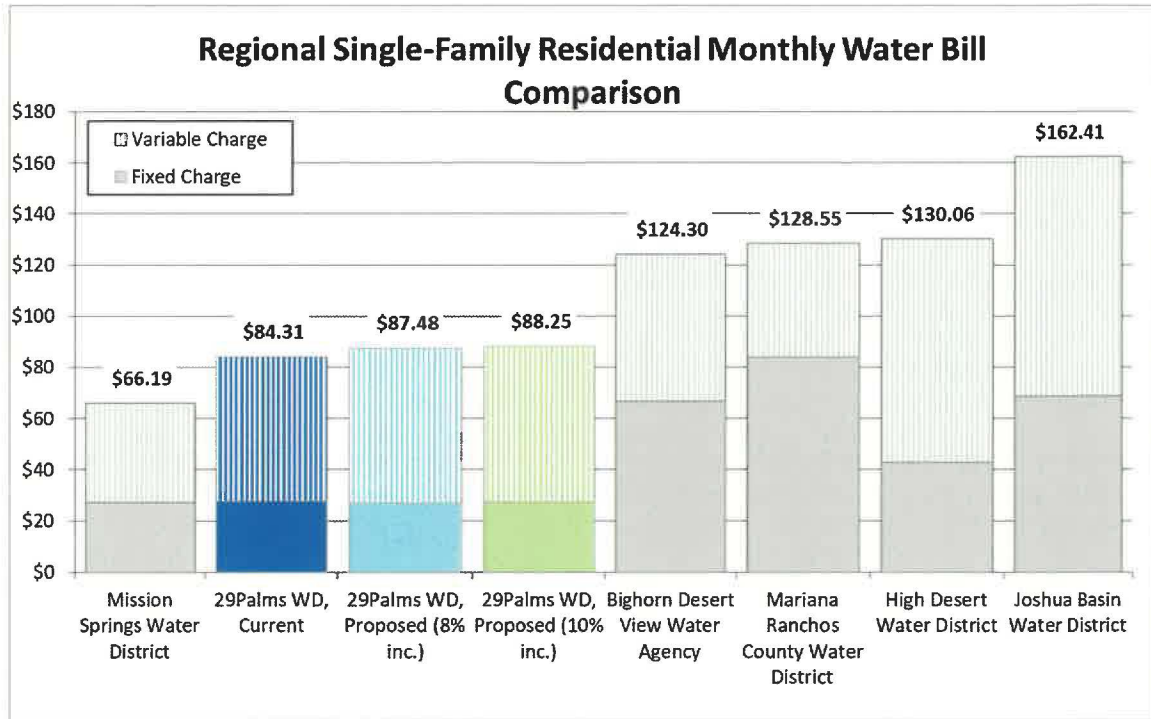


Figure 14. Regional Bi-Monthly Water Bill Comparison for Single Family Residential



SECTION 5. RECOMMENDATIONS AND NEXT STEPS

5.1 CONSULTANT RECOMMENDATIONS

NBS recommends the District's Board of Directors accept this report and its recommendations, and select a rate alternative (shown in Figures 10 and 11) and proceed with next steps outlined below in order to adopt and implement new rates.

5.2 NEXT STEPS

If the Board of Directors chooses to move forward with implementing the proposed financial plan and water rates, the following steps will be required:

1. Schedule a Public Hearing, which requires adequate public noticing, to consider moving forward with the Proposition 218 process to adopt new water rates.
2. Direct Staff to mail a notice describing the proposed changes to the rates to all customers and/or property owners receiving water service from the District.
3. Allow for a 45-day period during which the District receives written protests from customers and/or property owners (protests can be received until the end of the Public Hearing).
4. Conduct a Public Hearing after at least 45-days after the notices have been mailed.
5. Assuming there is not a majority protest, the Board of Directors will need to formally adopt the new rates at the end of the Public Hearing.

5.3 PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS

In preparing this technical memo and the opinions and recommendations included herein, NBS has relied on various assumptions and data with regard to financial matters, conditions, and events that may occur in the future. We believe the information and assumptions, including the budgets, projected capital improvement costs, and customer data received from District staff, were provided by reliable sources.

While we believe the use of such information and assumptions is reasonable for the purpose of this rate study, NBS has not independently verified this information and data. Additionally, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others. Given that, the District should closely monitor future revenues, costs and capital plans to determine any significant variances from the results shown in this report and take appropriate action to reconcile differences as needed.

Note: The attached Technical Appendices provide more detailed information on the analysis of the water revenue requirements, cost-of-service analysis and the rate design analyses that have been summarized above in this Technical Memorandum.



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FINAL TECHNICAL MEMORANDUM

TO: RAY KOLISZ, GENERAL MANAGER, TWENTYNINE PALMS WATER DISTRICT
CINDY BYERRUM, MPA, CPA, EIDE BAILLY CONSULTING GROUP

FROM: KIM BOEHLER, NBS DIRECTOR
JORDAN TAYLOR, NBS CONSULTANT

SUBJECT: WATER CAPITAL FACILITY FEE STUDY FINDINGS

DATE: FEBRUARY 19, 2021

SECTION 1. INTRODUCTION

A. BACKGROUND

Twentynine Palms Water District (District) retained NBS to conduct a water capital impact fee study in conjunction with the water rate study update for two primary reasons: (1) to ensure that the fees are updated to comply with legal requirements and industry standards, and (2) that these fees reflect the cost of capital infrastructure needed to serve new connections, or any person requesting additional capacity in the District's water system (referred to throughout as "future customers").

Please note, the types of fees reviewed in this study are referred to in the California Government Code as "capacity charges" and the terms are often used interchangeably with other terms such as "capacity fees" or in the District's case, they are referred to as "capital impact fees." To be consistent with the District's terminology, we refer to these fees as "capital impact fees" throughout this memo; however, they are considered "capacity charges" per the California Government Code.

California Government Code Section 66013 defines a capacity charge as a one-time "charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities." It authorizes public agencies to impose "capital impact fees" which are more appropriately called system capacity charges, on customers connecting to or upsizing their connection to the water system, to ensure that they pay their fair share of water utility assets, plus the costs of new facilities

needed to serve them. In its simplest form, capital impact fees are the result of dividing the cost (or value) of the Utility’s current system assets plus planned capital improvements, by the expected number of future customers. As a result, future customers connecting to the District’s water utility would enter as equal participants, along with current customers, regarding their financial commitment and obligations to the District.

SECTION 2. WATER CAPITAL IMPACT FEE STUDY

A. STUDY METHODOLOGY

Capital impact fees are one-time fees intended to reflect the cost of existing infrastructure and planned improvements available to new services, and place new utility customers on equal basis from a financial perspective with existing customers. Once new customers are added to the system, they then incur the obligation to pay the same water rates that existing customers pay.

Various methodologies have been and are currently used to calculate capital impact fees. The most common methodologies are based on the following:

- The value of existing (historical) system assets, often called a “system buy-in” methodology.
- The value of planned future improvements, also called the “incremental” or “system development” methodology.
- A combination of these two approaches.

This analysis uses the “Combination Approach”¹ which requires new customers to pay their fair share of existing system assets and any planned capital improvements that have capacity to serve new customers. In their simplest form, capital impact fees are calculated by dividing the costs of infrastructure allocated to future development by the number of units of new development anticipated, further defined as follows:

- The cost of existing assets that have capacity to serve new development are those that can reasonably be allocated to future development.
- The number of new units (i.e., growth) are those units projected to occur within the timeframe covered by the capital impact fee analysis.

B. EXISTING CONNECTIONS AND PROJECTED FUTURE GROWTH

NBS calculated that there are currently about 8,500 equivalent 5/8-3/4-inch meter units connected to the water utility. **Figure 1** shows the number of current water meter connections and the equivalent meter units.

¹ Method of calculating capital impact fees (also known as System Development Fees, Connection Fees, Capacity Fees) are set forth in the American Water Works Association’s *Principles of Water Rates, Fees and Charges* Seventh Edition (2017) pages 311 to 347.

Figure 1. Estimated Existing Equivalent Meter Units

Meter Size	Existing Potable Water Meters ¹	Meter Equivalence		Potable Water Meter Equivalent Units
		Maximum Flow (gpm) ²	Equivalency to 3/4 inch meter	
Standard Meters:				
5/8-3/4 inch	7,269	30	1.00	7,269
1 inch	281	50	1.67	468
1.5 inch	48	100	3.33	160
2 inch	47	160	5.33	251
3 inch	3	350	11.67	35
4 inch	16	630	21.00	336
6 inch	0	1,300	43.33	0
8 inch	0	2,800	93.33	0
10 inch	0	4,200	140.00	0
Total	7,664			8,519

1. Number of meters from source file: 29PalmsWD_Billing data_Manipulated_08.20.20.xlsx, Account # Pivot tab.
2. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Turbine Class I for 8" through 10".

Capacity in the District’s water utility is allocated to current and future customers, as shown in **Figure 2**. Using the average 5-year customer growth rate of 2% annually, the estimated number of new connections is calculated for a ten-year period. The percentage of capacity assigned to current and future customers is based upon the number of equivalent meter units that are estimated to connect in the next ten years.

Figure 2. Allocation of Capacity to Current and Future Customers

Demographic Statistics Potable System	Existing Total	Projected Service Total ¹ (thru FY2029/30)	% Allocation Factors		Cumulative Change	
			Existing Customers	New Customers	Number of Units	% Increase
Equivalent 5/8-3/4-inch meters	8,519	10,385	82.0%	18.0%	1,866	21.9%

1. Customer growth estimated at historical growth from 2015 to 2020.

C. EXISTING AND PLANNED ASSETS

The capital assets addressed in this study include existing assets and planned capital improvements (i.e., the system buy-in). An important aspect of this study is how the value of existing utility assets is determined. This study uses the replacement cost new – less depreciation (RCNLD) approach summarized in **Figure 3** to estimate existing asset values and depreciation, because it provides an up-to-date asset value that reflects estimated cost inflation.²

² The RCNLD approach was used to estimate all existing asset values, except for land, which does not depreciate.

Figure 3. Summary of Existing Asset Values

Asset Category ¹	Original Asset Cost	Replacement Cost ²	System Buy-In Cost Basis ³
Water Fund			
Infrastructure	1,194,722	2,287,255	1,419,971
Land	165,044	165,044	165,044
Equipment	495,894	651,109	296,536
Water Mains and Pipelines	23,839,643	62,111,079	51,793,436
Meters and Hydrants	182,368	354,205	207,323
Office Equipment	488,015	624,709	283,610
Pumping	312,359	413,919	368,769
Wells	1,810,913	3,829,143	2,620,336
Reservoirs	4,771,127	13,170,661	9,932,029
Treatment Plant	11,567,918	18,869,823	11,279,989
Vehicle	1,106,518	1,183,383	807,675
Water Supply/Engineering Studies	518,443	594,849	175,243
AMI Meter System	1,983,897	1,983,897	1,983,897
Total Capital Facilities & Equipment	\$ 48,436,861	\$ 106,239,074	\$ 81,333,857

1. Source file for current assets as of June 30, 2019: 29PWD_Asset Listing 6.30.19_manipulated.xlsx, Manipulated tab.

Additional assets added 08.25.20 per source file: FY19-20 Additional - For Rate Study NOT FINAL.xlsx

2. Takes into account estimated cost inflation, noted in Footnote 3.

3. System Buy-In Cost Basis values are calculated by escalating the District's book values from service date to current year values using historical cost inflation factors from the Handy-Whitman Index of Public Utility Construction Costs for Water Utility Construction in the Pacific Region.

The Engineering News Record (ENR) Construction Cost Index and Handy-Whitman Index of Public Utility Construction Costs are cost inflation indices that track construction costs and were used to estimate the replacement value of the District's existing assets. The replacement cost is calculated by escalating the book value of existing assets (including depreciation) to current-day values using the ENR Construction Cost or Handy-Whitman Index values. Figure 3 also summarizes the system buy-in cost basis by Asset Category for the District. For this analysis, assets that are no longer in service were excluded from the analysis. This approach was used for all assets, except land, which does not depreciate.

Most of the asset costs were allocated to current customers based on the 82 percent allocation factor previously shown in Figure 2 (and the 18 percent allocation factor for future customers). **Figure 4** shows the allocation of the \$81.3 million in total existing assets to current and future customers. Future customers are allocated about \$12.2 million of the existing water utility assets, or about 15% of the total. Some assets are excluded from the cost basis because they were contributed to the District and not funded by current ratepayers.

Figure 4. Existing Asset Values Allocated to Current and Future Customers

Asset Category ¹	System Buy-In Cost Basis	Allocation Basis (%) ²			Distribution of Cost Basis (\$)		
		Exclude from Analysis ³	Existing Customers	Future Customers	Exclude from Analysis ³	Existing Customers	Future Customers
Water Fund							
Infrastructure	\$ 1,419,971	0.0%	84.7%	15.3%	\$ -	\$ 1,202,473	\$ 217,498
Land	\$ 165,044	0.0%	84.7%	15.3%	\$ -	\$ 139,764	\$ 25,280
Equipment	\$ 296,536	0.0%	84.7%	15.3%	\$ -	\$ 251,115	\$ 45,421
Water Mains and Pipelines	\$ 51,793,436	1.6%	83.4%	15.1%	\$ 814,296	\$ 43,170,628	\$ 7,808,511
Meters and Hydrants	\$ 207,323	0.0%	94.3%	5.7%	\$ -	\$ 195,586	\$ 11,737
Office Equipment	\$ 283,610	0.0%	84.7%	15.3%	\$ -	\$ 240,169	\$ 43,441
Pumping	\$ 368,769	0.0%	84.7%	15.3%	\$ -	\$ 312,284	\$ 56,485
Wells	\$ 2,620,336	0.0%	84.7%	15.3%	\$ -	\$ 2,218,977	\$ 401,359
Reservoirs	\$ 9,932,029	0.0%	84.7%	15.3%	\$ -	\$ 8,410,733	\$ 1,521,296
Treatment Plant	\$ 11,279,989	0.0%	84.7%	15.3%	\$ -	\$ 9,552,225	\$ 1,727,764
Vehicle	\$ 807,675	0.0%	84.7%	15.3%	\$ -	\$ 683,962	\$ 123,712
Water Supply/Engineering Studies	\$ 175,243	0.0%	100.0%	0.0%	\$ -	\$ 175,243	\$ -
AMI Meter System	\$ 1,983,897	0.0%	88.2%	11.8%	\$ -	\$ 1,750,575	\$ 233,322
Total Capital Facilities & Equipment	\$ 81,333,857	1.0%	84.0%	15.0%	\$ 814,296	\$ 68,303,736	\$ 12,215,825

- Source file for current assets as of June 30, 2019: 29PWD_Asset Listing 6.30.19_manipulated.xlsx, Manipulated tab.
Additional assets added 08.25.20 per source file: FY19-20 Additional - For Rate Study NOT FINAL.xlsx
- Based on proportionate allocation between existing and future users for most assets (see Table 2 in Exhibit 1 for demographic expectations).
Contributed assets are excluded and meters/services are allocated 100% to existing customers. See Existing Assets Detail tab for information for each asset.

The District’s capital improvement plans extend to FY 2029/30. **Figure 5** shows a summary of the District’s future capital projects, all of which are needed to rehabilitate existing assets. Because of this, planned project costs were excluded from the capital impact fee calculation. Future customers will pay for these project in rates once connected to the water system. For a complete list of the District’s planned capital projects, refer to the *Appendix*.

Figure 5. Planned Assets Allocated to Current and Future Customers

Capital Project Description ¹	Future Cost Estimate (2019-2034) ¹	External Funding ²	System Development Cost Basis ³	% Allocation		Distribution of Cost Basis (\$)	
				Existing Customers	Future Customers	Existing Customers	Future Customers
District Projects	\$ 1,085,000	\$ -	\$ 1,085,000	100.0%	0.0%	\$ 1,085,000	\$ -
Capital Improvement Plan	\$ 4,917,500	\$ 1,700,000	\$ 3,217,500	87.5%	0.0%	\$ 3,217,500	\$ -
Repairs, Rehabilitation, & Maintenance	\$ 6,235,000	\$ -	\$ 6,235,000	100.0%	0.0%	\$ 6,235,000	\$ -
Capital Outlay	\$ 1,623,000	\$ -	\$ 1,623,000	100.0%	0.0%	\$ 1,623,000	\$ -
Total	\$ 13,860,500	\$ 1,700,000	\$ 12,160,500	96.9%	0.0%	\$12,160,500	\$ -

- Capital project cost data was provided by District Staff in the following file: 29PWD_CIP Schedule 2020-21,V3.xlsx
- The AMI / AMR project is funded by debt proceeds received by the District in May 2019.
- Project cost allocated to existing customers since it is for meter replacement.

The District may have additional capital projects that are needed to serve future developments, and the costs of such projects may be recovered through a development agreement. This will be evaluated on a case by case basis as part of the development review process.

D. ADJUSTMENTS TO THE COST BASIS

Before the capital impact fees are developed, a credit is applied to the cost basis to account for outstanding principal on the current bond issue that funded capital projects that serve future customers. **Figure 6** shows the percent allocation between current and future customers in the AMI project costs for the outstanding bond. Approximately 10% of the project costs are deemed to serve future customers.

Figure 6. AMI Project Costs Allocated to Future Customers

AMI System Component	Project Cost Allocation ¹		
	Existing	Future	Total
AMI Meter System - Meters	\$ 685,151	\$ -	\$ 685,151
AMI Meter System - Poles/Repeaters	826,326	149,462	975,788
AMI Meter System - Other Equipment	273,490	49,468	322,958
Total	\$ 1,784,967	\$ 198,930	\$ 1,983,897
Percentage of Project Costs	90%	10%	100%

1. Project cost allocation is based on the *AMI Disbursements Detail.xlsx*. Meter costs are allocated 100% to existing customers, the poles/repeaters and other Equipment is shared by existing and future customers based on the allocations in Table 2.

Using the allocations calculated in Figure 6, 10% of the \$2 million bond issue is credited to future customers, as they will be paying for debt service through bi-monthly water rates. A summary of the calculation of the credit for debt service payments is shown in **Figure 7**, and future customers are credited about \$200,000 of the outstanding principal debt.

Figure 7. Debt Service Allocated to Future Customers

Bond Issue	Outstanding Principal	% Allocation		\$ - Allocation ²	
		Existing Customers	Future Customers	Existing Customers	Future Customers
2019 AMR & AMI Project Bond ¹	\$ 2,000,000	90.0%	10.0%	\$ 1,799,455	\$ 200,545
Grand Total	\$ 2,000,000	90.0%	10.0%	\$ 1,799,455	\$ 200,545

1. 2019 Bond Issuance detail and payment schedule found in source files: *29PWD_3.25.19 AMI debt.pdf*, *29PWD_Revised Rental Payment Schedule- final.pdf*.

2. Debt issue is allocated to existing and future customers proportionately based on the AMI System Component allocations for the project as shown in Table 6.

E. CALCULATED CAPITAL IMPACT FEES

The sum of the existing and planned asset values (that is, the system buy-in and system development costs), along with the adjustment for cash reserves and debt service, defines the total cost basis allocated to future customers as shown in **Figure 8**.

Figure 8. Summary of Cost Basis Allocated to Future Customers

System Asset Values Allocated to Future Development	Total Costs
<i>Costs Included in Existing System Buy-In:</i>	
Existing Assets	\$ 12,215,825
Planned, Future Capital Projects	-
Credit for Outstanding Debt (Principal)	(200,545)
Total Adjusted Cost Basis for New Development	\$ 12,015,281

The Total Adjusted Cost Basis for future customers is divided by the planned customer growth (measured in equivalent meter units) over the next 10 years. This represents the maximum capital impact fee that the District can charge per 5/8 or 3/4-inch meter for future customers. The calculation is shown in **Figure 9**.

Figure 9. Summary of New Base Capacity Charges

Summary of Fee Calculation	Adjusted System Cost Basis	Planned New Meter Equivalents (thru FY2029/30)	Base Capital Impact Fee (per Meter Equivalent)
Water Capital Impact Fee per Meter Equivalent	\$ 12,015,281	1,866	\$6,440

The capital impact fees for meters greater than 5/8 or 3/4-inch connecting to the District’s water system will be calculated by the equivalency to 3/4-inch meters. NBS has provided the District with a fee schedule for meter sizes up to 10-inch, which is shown in **Figure 10**.

Figure 10. Capital Impact Fee for All Meter Sizes

Meter Size	Equivalency Factor		Unit Cost (\$/3/4-inch meter)	Updated Capital Impact Fee Per Meter
	Maximum Continuous Flow (gpm) ¹	Equivalency to 3/4 inch meter		
5/8-3/4 inch	30	1.00	\$6,440	\$6,440
1 inch	50	1.67	\$6,440	\$10,734
1.5 inch	100	3.33	\$6,440	\$21,468
2 inch	160	5.33	\$6,440	\$34,349
3 inch	350	11.67	\$6,440	\$75,138
4 inch	630	21.00	\$6,440	\$135,248
6 inch	1,300	43.33	\$6,440	\$279,084
8 inch	2,800	93.33	\$6,440	\$601,103
10 inch	4,200	140.00	\$6,440	\$901,655

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Turbine Class I for 3" through 6", and Turbine Class II for 8" through 10".

SECTION 3. RECOMMENDATIONS AND NEXT STEPS

Consultant Recommendations

The following are NBS’ recommendations for the District’s consideration:

- **Approve and Accept This Study Report:** NBS recommends the District Board formally approve and adopt this report, its recommendations, and accompanying appendix as documentation of the capital impact fee analyses and the basis for adopting the capital impact fees.

- **Implement Recommended Capital Impact Fee Charges:** Based on the analyses presented in this report, the District Board should implement the proposed water capital impact fees shown in Figure 10. These adjustments are structured based on industry standards and are necessary to ensure that the capital impact fees that reflect the cost of capacity needed to serve future customers connecting to the District’s water system.

Next Steps

Periodically Review Water Capital Impact Fees – Any time an Agency adopts new utility rates or capacity charges, those new rates and fees should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements and reviewed to incorporate new capital facility plans and/or significant repair and replacement projects. Changing economic factors, water consumption patterns, new regulatory mandates, and unplanned capital improvements all underscore the need for this annual review.

Note: The attached Technical Appendix provides more detailed information on the analysis of the water capital impact fee studies summarized in this report.

Principal Assumptions and Considerations

In preparing this report and the recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, number of customer accounts, billing and asset records, planned capital improvements, and other conditions and events that may occur in the future. This information and assumptions were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS’ use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein or may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by NBS or provided to NBS by others.

APPENDIX – WATER CAPITAL IMPACT FEE ANALYSIS

ORDINANCE NO. 99

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE TWENTYNINE PALMS WATER DISTRICT AUTHORIZING ADOPTION OF NEW OR INCREASED FEES OR CHARGES BY RESOLUTION OR ORDINANCE AND TAKING CERTAIN OTHER ACTIONS RELATING THERETO

WHEREAS, the Twentynine Palms Water District (the "District") operates and is organized under Water Code section 30000 et seq.; and

WHEREAS, the District is authorized to fix and collect charges for the provision of services provided by the District; and

WHEREAS, the District continually strives to operate more efficiently and with greater flexibility on behalf of its ratepayers; and

WHEREAS, the District previously adopted fees and charges for certain services or governmental activity provided by the District, and now wishes to authorize future new or increased fees and charges by resolution, in the interests of flexibility and efficiency;

NOW THEREFORE, BE IT ORDAINED, by the Board of Directors of the Twentynine Palms Water District as follows:

1. The Board of Directors of the District finds and determines that the foregoing Recitals are true and correct and incorporates the Recitals herein.

2. Unless otherwise prohibited under any relevant statute, the District hereby authorizes any future new or increased fees or charges for services or regulatory activity provided by the District, to be adopted by resolution or ordinance. Any new or increased fee or charge adopted by resolution pursuant to the authority granted by this Ordinance shall have the same force and effect as if such new or increased fee or charge had been adopted by ordinance, and to the extent authorized in such resolution, shall repeal or replace any conflicting fee or charge previously adopted by the Board of Directors, whether such conflicting fee or charge had been adopted by resolution or ordinance.

3. The provisions of this Ordinance are hereby declared to be severable. If any provision, clause, sentence, or paragraph of this Ordinance, or the application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance or the application of those provisions.

4. This Ordinance shall become effective immediately upon adoption.

5. The Board Secretary shall certify to the adoption of this Ordinance and cause the same to be published as required by law.

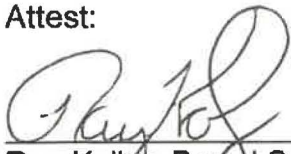
PASSED, APPROVED AND ADOPTED this 16h day of December, 2020 by the following vote.

AYES: Directors Arthur, Coghill, Horn, Leazer, and Giannini
NOES: None
ABSTAIN: None
ABSENT: None



Carol Giannini, President
Board of Directors

Attest:



Ray Kolisz, Board Secretary
Twentynine Palms Water District



LANDOWNER CONSENT FORM

Local Agency Formation Commission For San Bernardino County

I (We), John P. Rudometkin, consent to the

annexation/ reorganization of my (our) property located at:

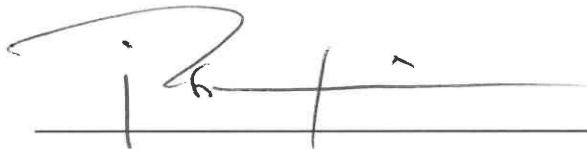
**NORTH SIDE OF OLD CHISHOLM TRAIL (SQUAW ROAD) BETWEEN
MONTE VISTA STREET AND BULLION MOUNTAIN ROAD**

which is identified as Assessor's Parcel Number(s) 0634-121-15,

to the TWENTYNINE PALMS WATER DISTRICT.

(name of agency)

Signature(s):



Address:

55068 Baker Trail

City, State, Zip

Yucca Valley, CA 92284

Date Signed:

11/25/24

If a corporation or company owns the property, please provide with this form authorization from the entity for the signer to sign on its behalf.

TOM DODSON & ASSOCIATES

Mailing Address: PO Box 2307, San Bernardino, CA 92406

Physical Address: 2150 N. Arrowhead Avenue, San Bernardino, CA 92405

Tel: (909) 882-3612 ♦ *Email:* tda@tdaenv.com ♦ *Web:* tdaenvironmental.com



May 13, 2025

Mr. Samuel Martinez
Local Agency Formation Commission
1601 east 3rd Street, Suite 102
San Bernardino, CA 92415-0490

Dear Sam:

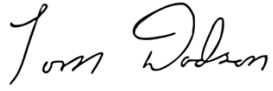
The Local Agency Formation Commission (LAFCO) is considering a proposed annexation to the Twentynine Palms Water District (District), LAFCO 3273. This proposed annexation encompasses approximately 40 acres, generally located at the northeast corner of the Old Chisholm Trail (Squaw Road) and Bullion Mountain Road. The annexation area includes Assessor Parcel Number 0634-121-15 and is within the District's sphere of influence. This annexation request has been submitted to annex the property in order to provide water service to a proposed single-family residence.

Therefore, after careful review of LAFCO 3273, I am recommending that the Commission consider the adoption of a "Common Sense" Exemption. I recommend that the Commission find that an Exemption (as defined in CEQA) applies to LAFCO 3273 under Section 15061 (b) (3) of the State CEQA Guidelines, which states: "*A project is exempt from CEQA if: the activity is covered by the common Sense exemption that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.*" It is my opinion, and recommendation to the Commission, that this circumstance applies to all LAFCO 3273.

This recommendation is based on the fact that development of the site with a single-family residence has no potential to cause a significant adverse environmental impact. Based on this review of the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that the proposed annexation to the District to obtain water service does not constitute a project under CEQA and adoption of the common sense exemption and filing of a Notice of Exemption is the most appropriate environmental determination to comply with CEQA for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 3273 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guidelines (2025) section cited above. The Commission needs to file a Notice of Exemption with the County Clerk to the Board for this action once the hearing is completed.

A copy of this exemption recommendation should be retained in LAFCO's project file to serve as verification of this evaluation and as the CEQA environmental determination record. If you have any questions, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink that reads "Tom Dodson". The signature is written in a cursive style with a large, looped initial "T".

Tom Dodson

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1601 E. 3rd Street, Suite 102, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

PROPOSAL NO.: LAFCO 3273

HEARING DATE: MAY 21, 2025

RESOLUTION NO. 3418

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3273 AND APPROVING THE ANNEXATION TO THE TWENTYNINE PALMS WATER DISTRICT (ASSESSOR PARCEL NUMBER 0634-121-15). The annexation area comprises approximately 40 acres generally located at the northwest corner of Chisholm Trail and Bullion Mountain Road.

On motion of Commissioner _____, duly seconded by Commissioner _____, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, an application by the Twentynine Palms Water District Board of Directors for the proposed annexation in San Bernardino County was filed with the Executive Officer of this Local Agency Formation Commission (hereinafter referred to as “the Commission”) in accordance with the Cortese-Knox- Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.), and the Executive Officer has examined the application and executed his certificate in accordance with law, determining and certifying that the filings are sufficient; and,

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and,

WHEREAS, the Executive Officer has reviewed available information and prepared a report including his recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, the public hearing by this Commission was called for May 21, 2025, at the time and place specified in the notice of public hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written support and/or opposition; the Commission considered all plans and proposed changes of organization, objections and evidence which were made, presented, or filed; it received evidence as to whether the territory is inhabited or uninhabited, improved or unimproved; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, in evidence presented at the hearing.

RESOLUTION NO. 3418

NOW, THEREFORE, BE IT RESOLVED, that the Commission does hereby determine, find, resolve, and order as follows:

DETERMINATIONS:

SECTION 1. The proposal is approved subject to the terms and conditions hereinafter specified:

Condition No. 1. The boundaries are approved as set forth in Exhibits "A" and "A-1" attached.

Condition No. 2. The following distinctive short-form designation shall be used throughout this proceeding: LAFCO 3273.

Condition No. 3. All previously authorized charges, fees, assessments, and/or taxes currently in effect by the Twentynine Palms Water District (annexing agency) shall be assumed by the annexing territory in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t).

Condition No. 4. Both the Twentynine Palms Water District and the property owner, John D. Rudometkin, shall indemnify, defend, and hold harmless the Local Agency Formation Commission for San Bernardino County from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission.

Condition No. 5. The date of issuance of the Certificate of Completion shall be the effective date of this annexation.

SECTION 2. The Commission determines that:

- a) this proposal is certified to be legally uninhabited;
- b) it has 100 % landowner consent; and,
- c) no written opposition to a waiver of protest proceedings has been submitted by any subject agency.

Therefore, the Commission does hereby waive the protest proceedings for this action as permitted by Government Code Section 56662(d).

SECTION 3. DETERMINATIONS. The following determinations are required to be provided by Commission policy and Government Code Section 56668:

1. The annexation area is legally uninhabited containing zero registered voters as certified by the County Registrar of Voters as of April 21, 2025.

RESOLUTION NO. 3418

2. The County Assessor has determined that the total assessed value of land within the annexation area is \$42,598.
3. The annexation area is within the sphere of influence assigned the Twentynine Palms Water District.
4. Legal notice of the Commission's consideration of the proposal has been provided through publication in the *Hi Desert Star*, a newspaper of general circulation within the area. As required by State law, individual notices were provided to all affected and interested agencies, County departments, and those individuals and agencies having requested such notice.
5. In compliance with the requirements of Government Code Section 56157 and Commission policies, LAFCO staff has provided individual notice to landowners and registered voters surrounding the annexation area (totaling 25 notices). Comments from landowners, registered voters, and other individuals and any affected local agency in support or opposition have been reviewed and considered by the Commission in making its determination.
6. The County's land use designation for the annexation area is RL-10 (Rural Living, 10 acres minimum). No change in land use is anticipated as a result of the annexation to the Twentynine Palms Water District.
7. The Southern California Associated Governments (SCAG) has adopted its 2024-2050 Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS), referred to as Connect SoCal 2024, pursuant to Government Code Section 65080. LAFCO 3273 has no direct impact on SCAG's Connect SoCal 2024.
8. The Local Agency Formation Commission has determined that this proposal is exempt from environmental review. The basis for this determination is that the Commission's approval of the annexation has no potential to cause a significant adverse impact on the environment; and therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061(b)(3). The Commission adopted the Exemption and directed its Executive Officer to file a Notice of Exemption within five (5) days with the San Bernardino County Clerk of the Board of Supervisors.
9. The annexation area is served by the following local agencies: County of San Bernardino, Hi-Desert Memorial Healthcare District (dba Morongo Basin Healthcare District), Mojave Desert Resource Conservation District, San Bernardino County Fire Protection District and its South Desert Service Zone and its Zone FP-5, and County Service Area 70 (unincorporated County-wide multi-function agency) and its Zone TV-4.

None of these agencies are affected by this annexation proposal as they are either regional in nature or identified for other services for the annexation area.

RESOLUTION NO. 3418

10. A plan was prepared for the extension of water service to the annexation area, as required by law. The Plan for Service indicates that the Twentynine Palms Water District can provide water service to APN 0631-051-28 and can maintain and/or improve the level of service currently available. A copy of this plan is included as a part of Attachment #2 to this report.

The Plan for Service has been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that the Plan for Service conforms to those adopted standards and requirements.

11. The annexation area can benefit from the availability and extension of water service from the Twentynine Palms Water District.
12. With respect to environmental justice, the annexation proposal—which is to provide water service to the parcel—will not result in unfair treatment of any person based on race, culture or income.
13. The County of San Bernardino, acting on behalf of the Twentynine Palms Water District, adopted a resolution indicating there will be no transfer of property tax revenues as a result of the annexation. This resolution fulfills the requirement of Section 99 of the Revenue and Taxation Code.
14. The maps and legal descriptions are in substantial compliance with LAFCO and State standards.

SECTION 4. The primary reason for this annexation is to provide water service to APN 0631-051-28, to serve a single-family residence proposed to be built on the property. The parcel is currently not within the Twentynine Palms Water District's boundary; therefore, annexation to the District is required in order to receive water service.

SECTION 5. Approval by the Local Agency Formation Commission indicates that completion of this proposal would accomplish the proposed change of organization in a reasonable manner with a maximum chance of success and a minimum disruption of service to the functions of other local agencies in the area.

SECTION 6. The Commission hereby orders the territory described in Exhibits "A" and "A-1" reorganized. The Commission hereby directs, that following completion of the reconsideration period specified by Government Code Section 56895(b), the Executive Officer shall prepare and file a Certificate of Completion, as required by Government Code Section 57176 through 57203, and a Statement of Boundary Change, as required by Government Code Section 57204.

SECTION 7. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner provided by Section 56882 of the Government Code.

LAFCO 3273

ANNEXATION TO THE TWENTYNINE PALMS WATER DISTRICT (APN 0634-121-15)

BEING THE EAST HALF OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 35, TOWNSHIP 2 NORTH, RANGE 9 EAST, SAN BERNARDINO BASE MERIDIAN, IN SAN BERNARDINO COUNTY, STATE OF CALIFORNIA, ACCORDING TO THE OFFICAL PLAT THEREOF, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID EAST HALF AND BEING THE SOUTHEAST CORNER OF SAID SECTION 35, SAID CORNER ALSO BEING A POINT ON THE EXISTING TWENTYNINE PALMS WATER DISTRICT "LAFCO 2444" BOUNDARY;

COURSE 1, THENCE ALONG THE SOUTHERLY LINE OF SAID EAST HALF, AND ALSO ALONG THE EXISTING LAFCO 2444 BOUNDARY, SAID LINE ALSO BEING THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35, SOUTH 89° 13' 00" WEST A DISTANCE OF 661.16 FEET TO THE SOUTHWEST CORNER OF SAID EAST HALF;

COURSE 2, THENCE LEAVING SAID SECTION LINE ALONG THE WESTERLY LINE OF SAID EAST HALF, NORTH 00° 12' 15" WEST A DISTANCE OF 1486.19 FEET TO A POINT ON THE NORTH LINE OF THE SOUTH 1/2, OF THE SOUTH 1/2, OF THE SOUTH 1/2, OF THE NORTH 1/2, OF THE SOUTH 1/2, OF SAID SECTION;

COURSE 3, THENCE LEAVING THE EXISTING LAFCO 2444 BOUNDARY ALONG THE WESTERLY LINE OF SAID EAST HALF, NORTH 0° 12' 15" WEST A DISTANCE OF 1155.92 FEET TO THE NORTHWEST CORNER OF SAID EAST HALF;

COURSE 4, THENCE ALONG THE NORTHERLY LINE OF SAID EAST HALF, NORTH 89° 24' 00" EAST A DISTANCE OF 661.33 FEET TO A POINT ON THE EASTERLY LINE OF SAID EAST HALF;

COURSE 5, THENCE ALONG THE EASTERLY LINE OF SAID EAST HALF, SOUTH 0° 12' 00" EAST A DISTANCE OF 2640.00 THE **POINT OF BEGINNING**.

SAID ABOVE DESCRIBED AREA CONTAINS 40.09 ACRES, MORE OR LESS.

THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY DIRECTION, BASED ON RECORD INFORMATION.



PHILLIP K. FOMOTOR, P.L.S.

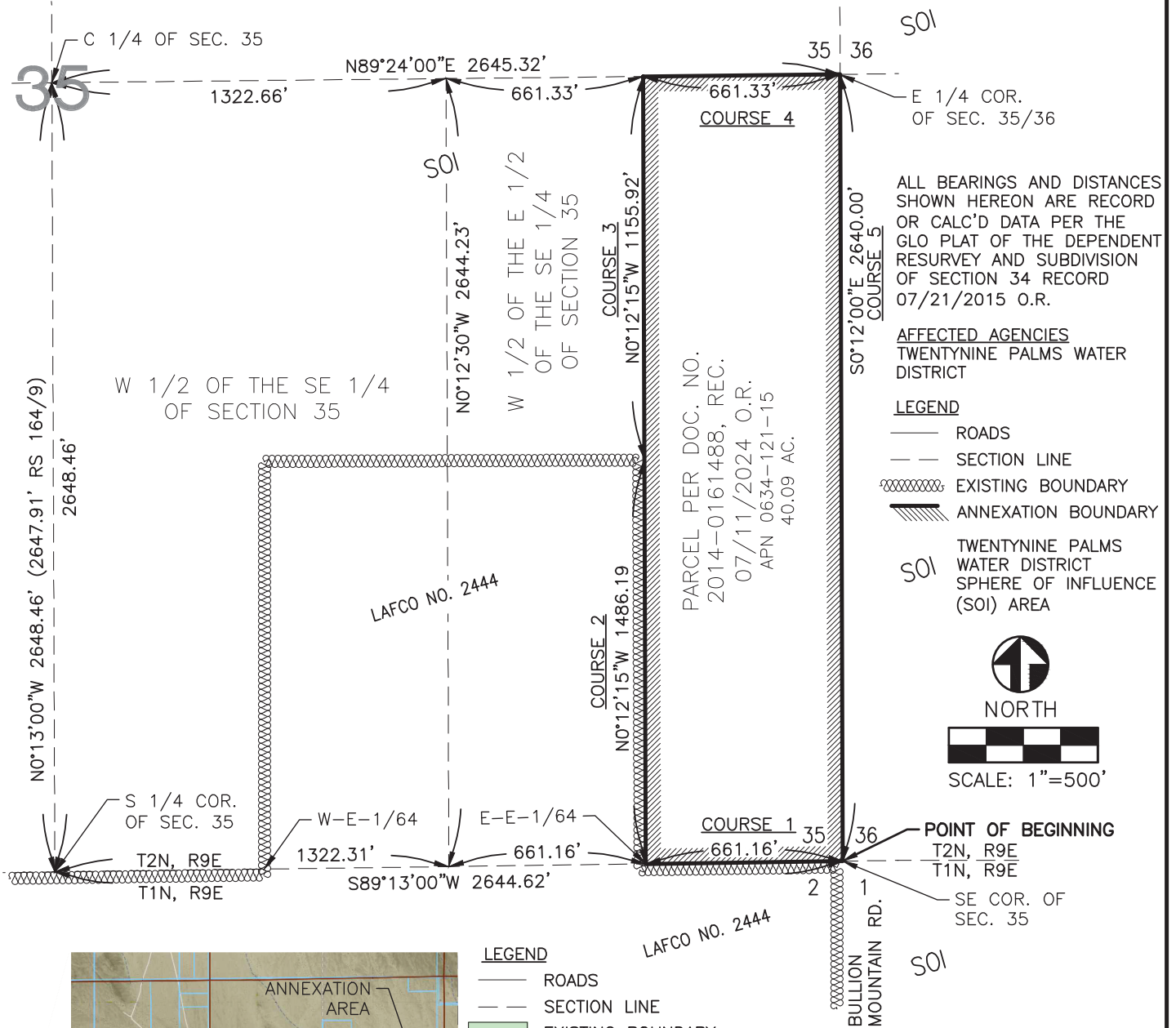
DATE 5/12/2025



LAFCO 3273

ANNEXATION TO TWENTYNINE PALMS WATER DISTRICT (APN 0634-121-15)

E 1/2 OF THE E 1/2 OF SE 1/4 OF SECTION 35
TOWNSHIP 2 NORTH, RANGE 9 EAST



ALL BEARINGS AND DISTANCES SHOWN HEREON ARE RECORD OR CALC'D DATA PER THE GLO PLAT OF THE DEPENDENT RESURVEY AND SUBDIVISION OF SECTION 34 RECORD 07/21/2015 O.R.

AFFECTED AGENCIES
TWENTYNINE PALMS WATER DISTRICT

LEGEND

- ROADS
- - SECTION LINE
- XXXXXX EXISTING BOUNDARY
- ANNEXATION BOUNDARY

SOI
TWENTYNINE PALMS WATER DISTRICT SPHERE OF INFLUENCE (SOI) AREA



NORTH

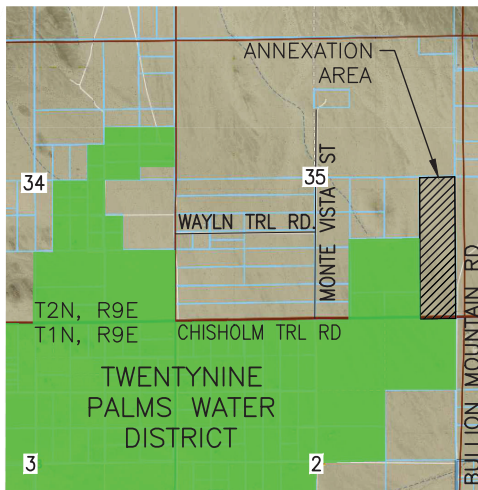


SCALE: 1"=500'

PARCEL PER DOC. NO.
2014-0161488, REC.
07/11/2024 O.R.
APN 0634-121-15
40.09 AC.

LEGEND

- ROADS
- - SECTION LINE
- EXISTING BOUNDARY
- SOI AREA
- ANNEXATION BOUNDARY

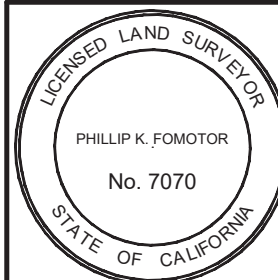


VICINITY MAP
NOT TO SCALE

FOMOTOR ENGINEERING

225 S. CIVIC DRIVE, SUITE 1-5
PALM SPRINGS, CA. 92262
PH. (760) 323-1842

DATE: 5/12/2025



THIS DOCUMENT WAS PREPARED BY ME OR UNDER MY DIRECTION, BASED ON RECORD INFORMATION.

[Signature]
PHILLIP K. FOMOTOR, P.L.S.