

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

175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490 • (909) 387-5866 • Fax (909) 387-5871
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: August 6, 2004

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer



TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: **Agenda Item #8:** LAFCO 2927 -- Service Review and Sphere
Of Influence Update for the City of Highland

INITIATED BY:

San Bernardino County Local Agency Formation Commission

RECOMMENDATION:

1. Determine that LAFCO 2927 is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption within five days;
2. Make the findings related to a service review required by Government Code Section 56430 and determine that:
 - a. The City sphere of influence should be expanded to the north to include the 120 acre parcel currently a part of the East Valley Water District and owned by the East Highlands Ranch Company (APN 288-151-05), and on the east to include 80 acres of privately owned lands within the East Valley Water District boundary and sphere (APNs 297-011-09, 297-011-10, and 297-011-11); and
 - b. the balance of the City of Highland sphere of influence should be affirmed as presently configured.
3. Adopt LAFCO Resolution #2837 setting forth the Commission's findings and determinations on this issue.

BACKGROUND INFORMATION:

This proposal was initiated by the Commission on January 15, 2003 in response to state mandates requiring service reviews and sphere of influence updates for all cities and special districts on a five-year schedule. In general, LAFCO 2927 is a non-controversial service review and sphere of influence update for the City of Highland. Included as Attachment #1 to this report are maps which identify the boundaries and existing/proposed sphere of influence for the City of Highland. Attachment #2 is a general description of what services a City/Town can perform and how it may be expanded. Attachment #3 to this report is a summary profile of the City of Highland along with a copy of the survey response provided by the City to the service review factors required by Government Code Section 56430.

As LAFCO staff began this service review/sphere update, we looked to the policies and procedures adopted by the Commission for its sphere of influence program (copy included as Attachment #4). One of the guiding principles in these documents is that the sphere of influence should be based upon a community-by-community approach and that the family of agencies serving a community should, unless unique circumstances warrant, maintain a coterminous sphere of influence. The family of districts which address municipal service delivery in the general Highland community are the City of Highland and the East Valley Water District (EVWD).

LAFCO staff, City staff and the staff of the EVWD have met on two occasions to discuss the implications of the Commission's community-by-community approach to the sphere of influence of their respective jurisdictions. As LAFCO staff reviewed the eastern sphere of influence of the EVWD and the City, it became clear that changes were appropriate for both agencies. LAFCO staff proposed a minor sphere amendment to expand the City of Highland sphere of influence to include approximately 200 acres within two areas on the north and northeast, and a reduction to the EVWD sphere of influence to exclude approximately 3,000 acres (this amendment will remove National Forest lands not anticipated to require municipal levels of service).

The southern, western, and northern boundaries of the City sphere of influence are impacted by the existing boundaries and spheres of the Cities of Redlands and San Bernardino. City staff did not identify an area of consideration within these boundaries for a possible exchange of territory. However, as has occurred in past exchanges of territory, the Cities will need to negotiate the exchange since State law requires concurrence of the detaching City for the processing of the application. LAFCO staff remains available for assistance in this endeavor.

In addition, LAFCO staff participated in a joint meeting of the City Council of the City of Highland and the Board of Directors of the EVWD to review with them the changes proposed to bring the two spheres of influence into contiguity within the community of Highland along its eastern boundary. No concern was expressed by the City to the minor expansion to coincide with the amended District boundary and/or sphere.

The major points of consideration within the survey response provided by the City of Highland and meetings with City representatives are outlined as follows:

1. The City of Highland concurs with LAFCO staff's proposal to expand the sphere of influence along the northern boundary to include the 120 acre parcel owned by the East Highlands Ranch Company (currently within the EVWD boundary), and to expand the sphere of influence along the northeastern boundary to include the 80 acres of privately owned lands currently a part of the EVWD boundary and/or sphere. The City Council has considered the survey response to the service review factors in a public hearing.
2. The City is currently surrounded by the City of Redlands and its sphere of influence on its southern boundary, the City of San Bernardino and its sphere of influence boundary on the western and northwestern boundaries, and the National Forest boundary on the north and east. The City's existing sphere of influence is currently coterminous with its existing boundaries.
3. The City of Highland provides the services of general government, land use planning, code enforcement, building and safety, recreation, roads, fire protection and paramedics within its corporate boundaries. On July 1, 1999, the City of Highland assumed responsibility for the provision of fire protection and rescue (paramedic) service within its corporate boundaries. Following this transition of service, the City signed a contract with the California Department of Forestry and Fire Protection to provide for its structural fire protection services and paramedic service.
4. The City currently receives the following services through outside service providers/contractors:

SERVICE	PERFORMED BY
Fire Protection and Paramedic	Contract for service with the California Department of Forestry and Fire Protection
Law Enforcement	County of San Bernardino Sheriff's Department

Plan Check/Building Inspection	Contract with Wildan and Associates
Animal Control	Contract with County Public Health Department
Water	Retail water provided by the East Valley Water District. Some domestic water is also provided by small Mutual Water companies within the City's boundaries.
Wastewater Treatment	East Valley Water District provides the collection system for transfer wastewater to the City of San Bernardino for treatment.
Refuse Collection	Jack's Disposal and Cal Disposal – each granted a franchise area by the City.
Ambulance	Inland Counties Emergency Medical Authority (ICEMA) granted exclusive operating area to American Medical Response (AMR).
Vector Control	Contract with the County of San Bernardino Vector Control Program for the provision of service. Area included in the benefit assessment authorized by County Resolution No. 3103.

4. The City of Highland is currently overlaid by the following public agencies:

East Valley Water District
San Bernardino Valley Municipal Water District
East Valley Resource Conservation District
San Bernardino Valley Water Conservation District

The City's existing sphere of influence is coterminous with its boundaries so no additional service providers are identified. Additional service providers within the proposed expansion area are:

County Service Area 38 (fire protection)
County Service Area 70 (multi-function)

None of the adjacent or overlaying agencies have identified any concerns with the City of Highland sphere of influence as it is presently configured or proposed for expansion.

CONCLUSION

Based on the information outlined above, and the response provided by the City of Highland, staff recommends that the Commission: (a) expand the City sphere of influence to the north to include the parcel currently a part of the East Valley Water District and owned by the East Highlands Ranch Company, and to the east to include the privately-owned parcels within the East Valley Water District boundary and sphere; and (b) the balance of the City of Highland sphere of influence should be affirmed as presently configured. In addition,

staff recommends that the Commission adopt Resolution #2837 which sets forth written responses to the statutory factors related to service reviews and sphere of influence studies.

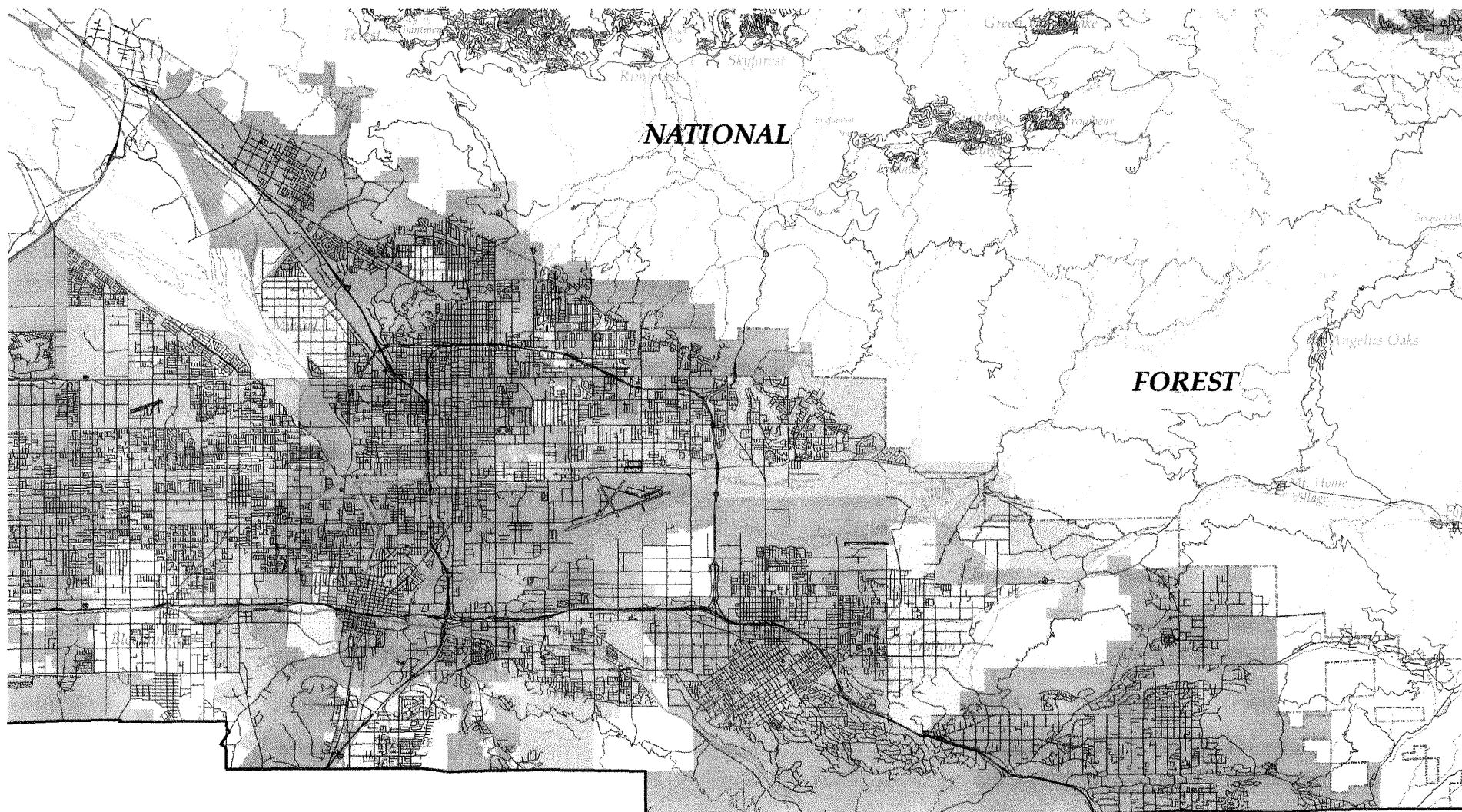
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Attachments:

1. Location and Vicinity Maps of the Existing and Proposed Sphere of Influence of the City of Highland
2. Outline of a City/Town
3. Summary City Profile Sheet and Survey Response Provided by the City of Highland
4. Sphere of Influence Policies and Guidelines
5. Response from Tom Dodson and Associates
6. Draft Resolution #2837

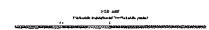
**Location and Vicinity Maps of the
Existing and Proposed Sphere of
Influence of the City of Highland**

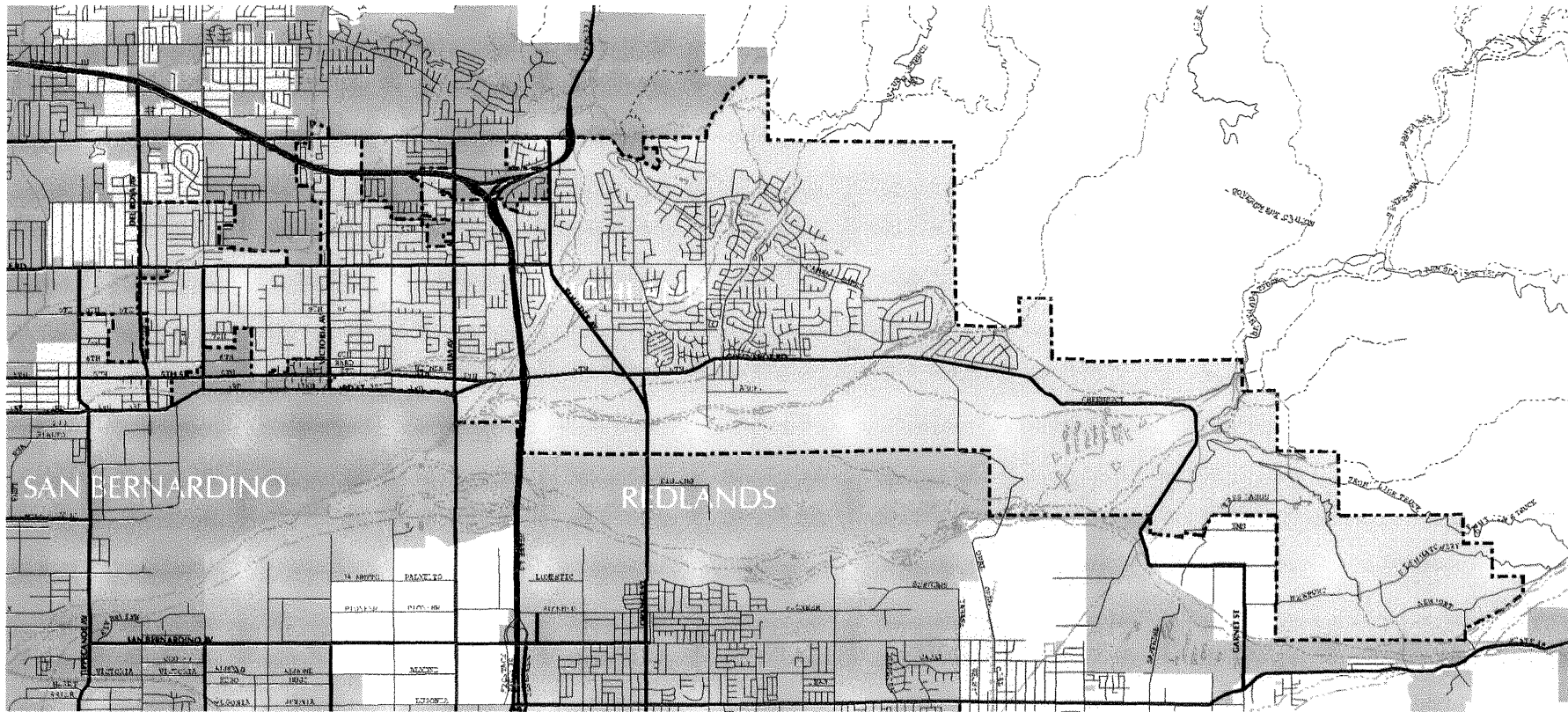
Attachment 1



COUNTY OF SAN BERNARDINO
 City and City Sphere Boundaries for the East Valley Region
 Map Prepared On May 11, 2004

This map is a legal representation of the boundaries. For additional information call the Local Agency Mapping Commission (800) 367-3866.





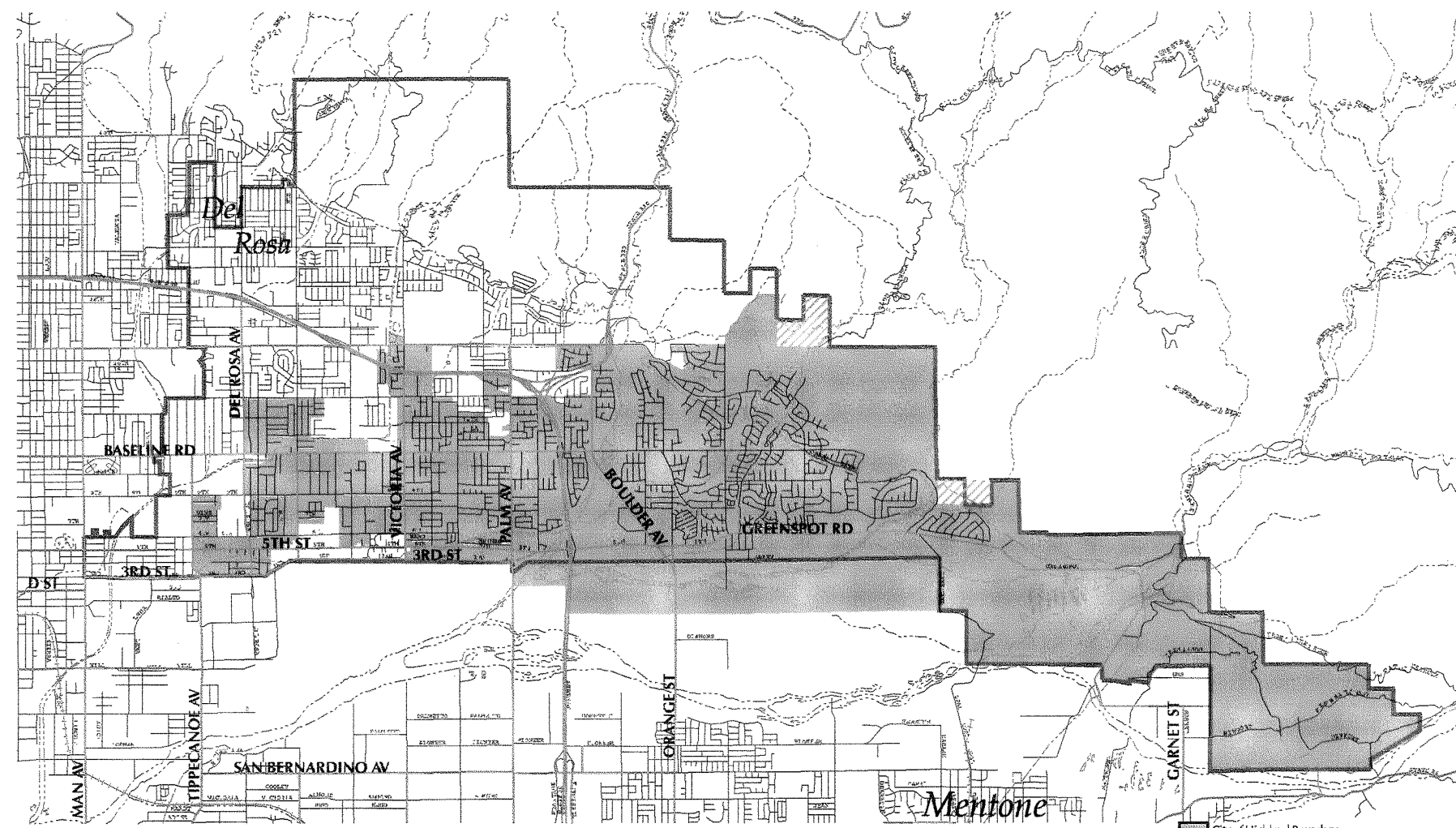
- City of Highland
(Sphere Coincides With City Limit)
- City of San Bernardino
- San Bernardino Sphere
- City of Redlands
- Redlands Sphere

CITY OF HIGHLAND

City Limit & Sphere of Influence

Map Prepared On August 06, 2004





CITY OF HIGHLAND
Proposed Sphere Expansion

Map Prepared On June 25, 2004

- City of Highland Boundary
- Prop. City Sphere Expansion
- EVWD Boundary



Outline of a City/Town

Attachment 2

LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO

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• (909) 387-5866 • FAX (909) 387-5871
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CITY AND TOWN

(Government Code Sections 34000 et seq.)

WHAT IS A CITY/TOWN?

State law indicates that Cities are general purpose government agencies incorporated under provisions of the California State Constitution and Government Code. Webster's Collegiate Dictionary defines the word City as "an inhabited place of greater size, population, or importance than a town or village". Most all agree that a City represents an organized form of government providing services to a cohesive, generally urbanized or urbanizing area.

The State Legislature has granted municipalities the ability to be called either "City" or "Town". This choice is made either: (a) at the time of incorporation and is an element voted upon during the election; or (b) at a later date the name change can be accomplished through election. The laws which govern a City or Town are the same and in a legal context they are the same type of government agency. Many communities select the distinction of "Town" to provide permanence to the perception of a rural lifestyle enjoyed by the area's inhabitants.

All cities or towns incorporate as a "general law city", which means that they are limited in their powers to those expressly conferred upon them by the State legislature along with those powers "incident, essential, or granted to the object and purposes of a city". Following incorporation any City may propose a "charter" according to the procedures outlined in the government code. A City charter is a kind of local "constitution" wherein general state laws are made more locally-specific. A charter cannot contain provisions which attempt to override or counter the state laws and constitution; instead, the charter is intended to supplement the state laws based upon local circumstances and needs.

WHO GOVERNS A "CITY"?

A City Council or Town Council composed of at least five members is a

municipality's governing body. The term of office is four years, except for the original city council elected at incorporation.

The membership of the council can be elected at-large or by districts (or "wards"). A by-district council involves the division of the city territory into five districts of approximately equal population. Voters within each district vote for one candidate to represent their views to the entire council and the candidate must reside within the district. A charter city may propose, as one element of its charter, increasing the size of the council.

WHAT KINDS OF POWERS DOES A "CITY" HAVE?

Cities exercise two types of legal powers -- corporate powers and police powers.

- Corporate powers give the city the ability to raise, spend, and invest public funds in order to provide municipal service to city residents. The types of services which a city is able to provide are any kind of public service desired by residents including public safety, streets, parking, parks and recreation, water, sewage disposal, refuse collection and disposal, public landscaping, etc.
- Police powers regulate or restrict the activity of private parties. Such powers include: (1) planning and land-use control, including the adoption of general plans, zoning and subdivision controls, building regulations, etc.; (2) traffic and parking control; (3) animal control; (4) issuing utility franchises; (5) maintaining health and safety; (6) legal authority to condemn land for public purposes; (7) authority to enter into Joint Powers Agreements with other public agencies; (8) authority to sue and be sued.

A City or Town Council may act as the ex-officio governing body of a special district. This special district is established as a "subsidiary" district of the city. The independent District retains its boundaries, its employees, its separate budget but the Council is empowered to act as the board of directors of the special district. A special district may be established as a subsidiary district if it meets two specific criteria: (a) 70% or more of the district's land area is within the boundaries of the city; and (b) 70% or more of the district's registered voters reside within the boundaries of the city.

The listings outlined above are not all inclusive and are intended to provide an illustration of the range of activities in which a city may participate.

HOW CAN YOU BE ANNEXED INTO AN EXISTING CITY?

Once formed, a city's boundaries can be expanded to include additional territory within its sphere of influence which is:

- contiguous territory;
- noncontiguous territory if it is owned by the municipality and used for municipal purposes; for example, well sites, treatment plants, etc. (The requirement for inclusion within the city's sphere of influence does not apply in this circumstance).

Proceedings for the annexation process are handled under the provision of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Govt. Code Section 56000 et seq) which is administered by the Local Agency Formation Commission.

HOW CAN YOU FORM A CITY/TOWN?

The process involved in considering and reviewing the incorporation of a City/Town is outlined in a separate booklet prepared by the Local Agency Formation Commission entitled "Incorporation Guidelines".

**Summary City Profile Sheet and
Survey Response Provided by
the City of Highland**

Attachment 3

CITY OF HIGHLAND

CONTACT PERSON:

Sam Racadio, City Manager (designated LAFCO contact)
Rick Hartmann, Community Development Director

ADDRESS:

27215 Base Line, Highland, CA 92346
Phone: 909-864-6861
FAX: 909-862-3180

E-MAIL ADDRESS: highland@eee.org
WEBSITE ADDRESS: www.ci.highland.ca.us

DATE OF MUNICIPALITY FORMATION:
November 23, 1987 (LAFCO 2425)

REDEVELOPMENT AGENCY: XX YES NO

GOVERNING BODY: Five member City Council elected at-large

MEMBERSHIP

Ross B. Jones	Mayor
Larry McCallon	Mayor Pro Tem
Penny Lilburn	Councilmember
Jody Scott	Councilmember
John Timmer	Councilmember

PUBLIC MEETINGS:

2nd and 4th Tuesday of each month beginning at 6:00 p.m. at City Hall,
Donahue Council Chambers, 27215 Base Line, Highland

AREA SERVED:

18.03 Square Miles (approximately 11,540 acres)

POPULATION 44,450 (Defined by 2000 Census)
45,606 (Defined by County ECD Demographics Data)

SERVICES PROVIDED:

NON-CONTRACTUAL:

City Administration, recreation and parks, public works including street maintenance and sweeping, comprehensive planning and land use control,

CONTRACT:

SERVICE	PROVIDED BY WHOM	DATE OF CONTRACT	SUNSET DATE
Police Protection (Law Enforcement, Traffic Accident Investigation)	County Sheriff	Since Incorporation	None -- termination allowed by action of City and/or County
Plan Check and Building Inspection	Wildan and Associates	Since Incorporation	None -- termination allowed by action of City or Company
Fire Protection and Paramedic	California Department of Forestry and Fire Protection (CDF)	July 1, 1999	None -- termination allowed by action of City or CDF
Animal Control	County of San Bernardino Public Health Department	Since Incorporation	None -- termination allowed by action of either City
Refuse Collection	Jack's Disposal and Cal Disposal	Unknown	Franchise
Vector Control	County Vector Control Program	Ordinance 3672 adopted October 29, 1996	None -- termination allowed by action of City and/or County
Ambulance	American Medical Response	Unknown	Inland Counties Emergency Medical Authority (ICEMA) granted exclusive operating area to American Medical Response (AMR)

SERVICES PROVIDED OUTSIDE AGENCY BOUNDARIES: NONE

SUBSIDIARY DISTRICTS? ____ YES xx NO

SPHERE OF INFLUENCE:

ESTABLISHED:

LAFCO NUMBER	RESOLUTION NO./ DATE ADOPTED	LOCATION
LAFCO 2480/2510	Res. No. 2175, dated November 16, 1988	Existing City limits and the area immediately easterly of City boundaries, north and south of Greenspot Road.

SPHERE CHANGES:

LAFCO NUMBER	RESOLUTION NO. / DATE ADOPTED	TYPE OF CHANGE	ACTION	LOCATION
LAFCO 2827	Res. No. 2568, November 19, 1997	Sphere Expansion	Approved	Portion of Greenspot area and the Sunrise Ranch properties owned by Flood Control Districts.

TOTALLY SURROUNDED ISLANDS WITHIN BOUNDARY/SPHERE:

_____ YES XX _____ NO

City of
HIGHLAND
Inc. 1987



June 13, 2003

RECEIVED

JUN 17 2003

MS Kathy Rollings-McDonald, Acting Executive Director
Local Agency Formation Commission
175 W. Fifth Street, Second Floor
San Bernardino, CA 92415-0490

LAFCO
San Bernardino County

RE: Service Review and Sphere of Influence Study for City of Highland.

27215 Base Line
Highland, CA 92346
(909) 864-6861
FAX (909) 862-3180
www.ci.highland.ca.us

City Council

Mayor
Ray Rucker, Jr.

Mayor Pro-Tem
Brad Sundquist

John Timmer
Larry McCallon
Steve Graves

City Manager
Sam J. Racadio

Dear MS McDonald:

The purpose of this letter is to respond to the Local Agency Formation Commission (LAFCO) Service Review and Sphere of Influence Study as required by the Cortese-Knox-Hertzberg Act of 2000. The City of Highland's Sphere of Influence is co-terminus with the City's corporate boundary and any amendments and/or detachments to the City limits and Sphere of Influence will be at the direction of the City Council on a case by case basis. Water service is provided by the East Valley Water District which is an independent agency with its own Board of Directors and Staff. In addition, the East Valley Water District also is responsible for the transmission of sewage to the Regional Waste Treatment Plant located in the City of San Bernardino.

A summary of the Service Review and Sphere of Influence Study is as follows:

I. Infrastructure Needs and Deficiencies

1. Capital Improvement Plans/Studies. The City updates its five year Capital Improvement Plan (the "CIP") on an annual basis which outlines current and future capital improvement needs. Again as stated above the City's Sphere of Influence is co-terminus with the City limits. In addition to the planned improvements this CIP identifies funding and proposed years for construction of the projects. A copy of the CIP is attached for review.

2. Master Service Plans. The City's General Plan was originally adopted in 1992 and is planned to be updated during the next two fiscal years. The City adopted Master Plan includes the seven mandated General Plan elements (Land Use, Circulation, Housing, Noise, Health and Safety, Open Space and Conservation) as well as an optional Public Facilities and Services Element. The Circulation, Open Space and Public Facilities and Services Elements provide the necessary goals and strategies to provide for a variety of needs for existing and future residents of the City including circulation needs, park and open space needs, public safety demands etc. and are available upon request.

Public Safety Plans (Fire Services) are currently undergoing review to determine adequate levels of service.

3. Water Service Plans. The City does not provide water service, but rather East Valley Water District does and prepares its own Master Plan which addresses current needs and demands as well as future needs and demands. Contact East Valley Water District for information on their Master Plan. In addition, there are currently several small mutual water districts which prepare and maintain their own plans.

4. Sewer Service Plans. The City does not provide sewer service, but rather East Valley Water District collects wastewater and transmits it to the City of San Bernardino Regional Waste Treatment Plant. The City of San Bernardino Municipal Water Department prepares its own Master Plan which addresses current needs and demands as well as future needs and demands for wastewater services. Prior to the issuance of building permits, proof of adequate sewer capacity rights must be obtained from the City of San Bernardino must be submitted to the City. Contact the City of San Bernardino Municipal Water Department for information on their Master Plan.

5. Infrastructure. Development proposals are reviewed on a case by case basis and existing and future infrastructure needs are evaluated and specific conditions of approval are included to address any specific need. City policy is in place which provides that new development pay its own way.

II. Growth and Population

The City of Highland has sustained the issuance of an average of 200 residential permits on an annual basis which is within the projections contained in the various Master Plans. However, as development expands easterly away from the area of historic development (the East Highlands Ranch Area) more specific infrastructure and service planning will be required. In addition, with the soon to be completed Fifth Street Bridge over City Creek and the development of the San Bernardino International Airport it is anticipated that more growth will occur along the Fifth Street corridor between the westerly City limits and Church Street near the center of the City.

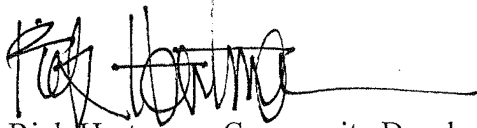
III. Local Accountability and Governance

The City of Highland is a General Law City with a City Manager appointed by the City Council. The five member City Council are elected at large and

the Mayor is appointed for one year terms by a majority vote of the Council. City offices operate on a 9/80 work schedule with City Hall closed every other Friday. However, building inspections and public works inspections are provided by contract staff five days a week. The City has a website with a variety of web pages including agendas of the City Council, Planning Commission and various City Boards and Committees meetings; a variety of demographic information; weekly reports, upcoming events, employment opportunities, etc.

Should you have any additional questions, please feel free to contact me at (909) 864-8732 ext 213.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Hartmann', with a long horizontal line extending to the right.

Rick Hartmann, Community Development Director

cc: Sam Racadio, City Manager

City of Highland
5-year Capital Improvement Program
(FY 2003/2004 thru 2007/2008)

REVENUE

(in thousands of dollars)

REVENUE SOURCE	03/04	04/05	05/06	06/07	07/08
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TAX

1. Gas Tax	894	896	905	914	923
2. Measure I (Local pass-thru)	510	515	520	525	530
Subtotal	1,404	1,411	1,425	1,439	1,453

**DEVELOPMENT IMPACT
FEE**

1. Police	8	8	6	6	6
2. Fire	20	20	16	16	16
3. General Municipal	46	46	37	37	37
4. Park & Recreation	142	142	114	114	114
5. Storm Drain	73	73	58	58	58
6. Street/Traffic	295	295	236	236	236
7. Library	26	26	21	21	21
Subtotal	610	610	488	488	488

REVENUE SOURCE	03/04	04/05	05/06	06/07	07/08
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GRANTS

1. Community Development Block Grant (CDBG)	592	200	250	250	250
2. EPA Grant	100	1,900			
3. Library Grant		5,100			
4. Park Block Grant	129				
5. Park Per Capita Grant	403				
6. EDI Grant	393				
7. State Park Grant	296				
8. Hazard Elimination Safety (HES) Grant	386				
9. Congestion Management/Air Quality (CMAQ) Grant	336				
10. AB 2766 (Clean Air)	74				
11. Surface Transportation Program (STP) Grant	600	870	3,420		
12. Highway Bridge Rehabilitation Reconstruction (HBRR) Grant			2,809	6,215	
13. Bicycle Transportation Account (BTA) Grant		129			
Subtotal	3,309	8,199	6,479	6,465	250

OTHER REVENUE

1. General Capital Financing Fund	1,900				
2. Redevelopment Agency (RDA)	1,237				
3. Community Facilities District (CFD) Contribution	260				
4. Developer Construction In-lieu Fee	108	195	50	97	103
5. Edison Rule 20A Fund		400			
Subtotal	3,505	595	50	97	103
TOTAL REVENUE	8,828	10,815	8,442	8,489	2,294

	02/03 Balance	03/04	04/05	05/06	06/07	07/08
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GAS TAX/MEASURE I

Revenue v.s. Expenditure

Total Gas Tax/Measure I/ Revenue	4,562	1,404	1,411	1,425	1,439	1,453
Minus Street Department Expenditure (O & M)		1,180	1,149	1,183	1,218	1,254
Revenue Available for Capital Projects	4,562	224	262	242	221	199
Minus Project Expenditure		1,620	2,574	1,061	689	446
Year End Revenue Balance	4,562	-1,396	-2,312	-819	-468	-247
Cumulative Revenue Balance		3,166	854	35	-433	-680

STORM DRAIN/ TRAFFIC FACILITIES DIF

Revenue v.s. Expenditure

Revenue Available for Capital Projects	3,660	368	368	294	294	294
Minus Project Expenditure		1,115	1,370	877	237	1,374
Year End Revenue Balance	3,660	-747	-1,002	-583	57	-1,080
Cumulative Revenue Balance		2,913	1,911	1,328	1,385	305

City of Highland
5-year Capital Improvement Program
(FY 2003/2004 thru 2007/2008)

CAPITAL IMPROVEMENT PROJECTS
(in thousands of dollars)

	03/04	04/05	05/06	06/07	07/08	Funding Source
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PUBLIC BUILDINGS

1. Community Center Addition Addition	1,662					CDBG - \$162 DIF(park) - \$500 General Capital Financing - \$1,000
2. Environmental Learning Center/Library	1,000	7,000				EPA - \$2,000 Library grant - \$5,100 General Capital Financing - \$900
Subtotal	2,662	7,000	0	0	0	

PARKS

1. Central Avenue Park construction construct. management	3,000 150					Park Block Grant - \$129 Park Per Capita Grant - \$403 EDI - \$393 DIF (park) - \$1,225 RDA - \$1,000
2. Aurantia Park design construction construct. management	15 900 45					State Park Grant - \$296 CFD - \$260 DIF (park) - \$404
Subtotal	4,110	0	0	0	0	

	03/04	04/05	05/06	06/07	07/08	Funding Source
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DRAINAGE IMPROVEMENTS

1. Warm Creek Storm Drain Easterly Extension (10 th St.; Cole St.) design construction const. engineering	21 430 43					DIF (SD) - \$494
2. Orange Street Storm Drain (north of 5 th St.) design construction const. engineering			13 151 20			DIF (SD) - \$184
3. Catch Basin Greenspot/Club View Greenspot/Weaver Base Line/Church St.			13 15 17			Gas - \$45
4. Water Street Storm Drain (Flintlock to Club View) design construction const. engineering				11 132 17		DIF (SD) - \$161
5. Water Street Storm Drain (Elder Gulch to Fire Oak) design construction const. engineering				10 120 16		Gas - \$146
Subtotal	494	0	229	21	285	

	03/04	04/05	05/06	06/07	07/08	Funding Source
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TRAFFIC
IMPROVEMENTS

1. Boulder/Webster Signal	200					HES - \$175 DIF(traffic) - \$ 25
2. 5 th /Orange Signal		175				In-lieu fee - \$124 Gas - \$ 51
3. Vons' Signal		142				In-lieu fee - \$71 Gas - \$71
4. Base Line/Victoria Signal Modification	47					HES - \$30 Gas - \$17
5. Base Line/Sterling Signal Modification	47					HES - \$30 Gas - \$17
6. Base Line Signal Interconnect (Palm to Walgreens)	85					CMAQ - \$70 AB 2766 - \$15
7. 5 th St. Signal Interconnect (Palm to Boulder)	255					CMAQ - \$209 AB 2766 - \$46
8. Palm Ave. Signal Interconnect (3 rd to 5 th)	70					CMAQ - \$57 AB 2766 - \$13
9. Base Line/Streater Signal				180		In-lieu fee - \$97 DIF(traffic) - \$83
10. Greenspot/Weaver Signal					175	In-lieu fee - \$ 53 DIF(traffic) - \$122
Subtotal	704	317	0	180	175	

	03/04	04/05	05/06	06/07	07/08	Funding Source
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STREET & SIDEWALK IMPROVEMENTS

1. 5 TH St. Bridge environmental construction const. engineering	75 600 120	15				DIF(traffic) - \$210 STP - \$600
2. Boulder Ave. Bridge environmental design right-of-way construction const. engineering	150	600 20	1,130	3,000 450	3,000 450	HBRR - \$4,000 STP - \$3,420 DIF(traffic) - \$1,380
3. Greenspot Rd. Bridge environmental design construction const. engineering	100	450	200	2,425 340	2,425 340	HBRR - \$5,024 Measure I - \$1,000 DIF(traffic) - \$256
4. 5 th St. Widening (SR30 to Webster) environmental design right-of-way construction const. engineering	60 91	100 12 909 136				STP - \$870 DIF(traffic) - \$438
5. 5 th St. Bike Lane (Palm to Orange) construction		129				BTA - \$129

	03/04	04/05	05/06	06/07	07/08	Funding Source
6. 9th St. Widening (Sterling to Del Rosa Dr.) construction const. engineering	322 48					CDBG - \$269 Measure I - \$101
7. 9th St. Widening (Eucalyptus to Victoria) design construction const. engineering	7 200 30					RDA - \$237
8. 14 th St. Widening (Victoria to Olive) right-of-Way construction const. engineering	50	830 124				DIF (SD) - \$307 Gas - \$697
9. Water St. Widening (Aplin to school entrance) design right-of-way construction const. engineering	8 22 70 10					Gas - \$110
10. Boulder/Orange Realignment design construction const. engineering	17 140 21					HES - \$151 Gas - \$ 27
11. Norwood/Bonita Sidewalk design construction const. engineering	15 156 23					Gas - \$194

	03/04	04/05	05/06	06/07	07/08	Funding Source
12. Cypress/Cunningham Sidewalk construction const. engineering	161 16					CDBG - \$161 Measure I - \$16
13. Lankershim Ave. Widening (5 th to 9 th) design right-of-way construction const. engineering	23 20		226 34			CDBG - \$200 Gas - 103
14. 5 th St. Widening (Victoria to Central) design construction const. engineering	8		308 46			Gas - \$362
15. Victoria Ave. Widening & Sidewalk (5 th to 9 th) design right-of-way construction const. engineering	12 10		140 21			Gas - \$183
16. Weaver St. Widening (Base Line to Water) design right-of-way construction const. engineering	20		28		280 42	Gas - \$48 DIF(traffic) - \$322
17. Orange St. Widening (Pacific to Nona) design construction const. engineering			18		180 27	DIF(traffic) - \$225

	03/04	04/05	05/06	06/07	07/08	Funding Source
18. Pacific Ave. Widening (Victoria to Olive) design right-of-way construction const. engineering			14	80	142 22	DIF(traffic) - \$258
19. 9 th Street Sidewalk (at Sterling & Golondrina) design right-of-way construction const. engineering			16	25	174 24	DIF(traffic) - \$239
20. City-wide Sidewalk Repair design construction const. equipment		15 100 20		15 100 20		Gas - \$270
21. Cunningham St. Sidewalk (Sparks to Rain Tree Apts.) design construction const. engineering			3 28 4			DIF(traffic) - \$35
22. Cypress Ave. Sidewalk (Central to Lillian) design right-of-way construction const. engineering				18 20	184 28	DIF(traffic) - \$250
Subtotal	2,605	4,263	7,628	6,493	1,103	

	03/04	04/05	05/06	06/07	07/08	Funding Source
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STREET
OVERLAY/SLURRY SEAL

1. Overlay - City Wide	366	444	200	200	200	Measure I - \$1,638
2. Overlay - East Highlands Village	71					Gas - \$71
3. Overlay - 10 th /Base Line/Central/ Palm Neighborhood	285					Gas - \$285
4. Overlay - CDBG area			250	250	250	CDBG - \$750
5. Overlay - EVWD projects	54	50	50	50	50	Gas - \$254
6. Overlay/Repair - Base Line (Church to Greenbrier)	78					Gas - \$78
7. Slurry - City Wide		224		224		Gas - \$448
8. Slurry/Repair - Boulder Ave.	58					In-lieu fee -\$58
9. Crack Seal - City Wide	112	55	60	60	60	Gas - \$347
Subtotal	1,024	773	560	784	560	

	03/04	04/05	05/06	06/07	07/08	Funding Source
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MISC. IMPROVEMENTS

1. New Street Lights	50		50		50	In-lieu fee - \$150
2. Barrier Rail Santa Ana Canyon Rd.	29					Gas - \$29
3. Utility Undergrounding Central Ave.		400				Rule 20A - \$400
4. Sight Distance Improvements Santa Ana Canyon Rd. at Aplin				10		Gas - \$10
Subtotal	79	400	50	10	50	
TOTAL PROJECT EXPENDITURE	11,599	12,353	8,417	7,478	2,123	

Sphere of Influence Policies and Guidelines

Attachment 4

SPHERE OF INFLUENCE

PURPOSE

(Adopted January 18, 1995, by LAFCO Resolution #2499)

Government Code Section 56076 defines a sphere of influence as "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission." It is an area within which a city or district may expand, over an undefined period of time, through the annexation process. In simple terms, a sphere of influence is a planning boundary within which a city or district is expected to grow into over time.

The purpose of a sphere of influence is to encourage the "logical and orderly development and coordination of local government agencies so as to advantageously provide for the present and future needs of the county and its communities." The following enumerated items comprise the statement of purpose adopted by San Bernardino LAFCO for spheres of influence:

1. To promote orderly growth of communities, whether or not services are provided by a city or district (board governed or independently governed);
2. To promote coordination of cooperative planning efforts among the county, cities, special districts, and identifiable communities by encouraging compatibility in their respective general plans;
3. To guide timely changes in jurisdiction by approving annexations, reorganizations, etc., within a sphere of influence only when reasonable and feasible provision of adequate services is assured;
4. To encourage economical use and extension of facilities by assisting governmental agencies in planning the logical and economical extension of governmental facilities and services, thereby avoiding duplication of services;
5. To provide assistance to property owners in relating to the proper agency to comprehensively plan for the use of their property;
6. To review, update, and/or change existing spheres of influence periodically to reflect planned, coordinated changes in factors which impact on spheres of influence; and
7. To encourage the establishment of urban-type services only within an adopted sphere of influence.

The Commission emphasizes that a sphere of influence is a planning tool and the establishment of a sphere of influence, or the inclusion of territory within a sphere of influence of an existing governmental entity, does not automatically mean that the area is being proposed for annexation or development.

Establishment of a Sphere:

As outlined under state law, the Commission is designated as the public body responsible for determining spheres of influence for each city and district within its jurisdiction.

As a function of incorporation and as outlined in Government Code Section 56426.5, the Commission must establish a sphere of influence for a newly-incorporated city within one year of its incorporation effective date. Usually within six months of a city's effective date, the LAFCO staff notifies the city of the requirement pursuant to state law. The sphere proposal may be initiated by the Commission, the city council, or the County Board of Supervisors, through adoption of a resolution of the governing body.

State law also stipulates that a sphere of influence will not be established or changed without specific review and study independent of any action before the Commission at the time. Public hearings are held to review sphere of influence proposals such as establishment, amendment, or in connection with any proposed annexation, which may or may not involve another agency's sphere of influence.

Factors of Consideration:

As part of a sphere of influence review and as outlined in Government Code Section 56425, LAFCO is required to review four "factors of consideration" in connection with any sphere of influence proposal. The factors of consideration are as follows:

1. The present and probable land uses within the area, including agricultural and open space lands;
2. The present and probable need for public facilities and services in the study area;
3. The present capacity of public facilities and the adequacy of public services that the agency provides or is authorized to provide; and
4. The existence of any social or economic communities of interest in the study area.

In these categories of review, a city or district must show that its planning activities can be beneficial to the area, and that the initiation of those activities is appropriate. None of the above factors by themselves shall be deemed to be a determining factor in the establishment or revision of a sphere of influence for a city, district, or community area, but shall be reviewed as part of the total project.

The factors of consideration noted above are addressed individually within the staff's report for each sphere of influence proposal.

COMMISSION POLICY GUIDELINES FOR SPHERES OF INFLUENCE

The approaches and/or methods listed below are policies adopted by San Bernardino LAFCO. The policies guide the Commission's review in its determination of spheres of influence, periodic reviews and/or updates, and any amendments of those sphere boundaries.

Concurrent Sphere Reviews:

The Commission may include additional agencies as part of its review of a sphere of influence proposal. In considering the sphere of influence of a community, the Commission will concurrently evaluate all agencies serving that community, and as a policy guideline, it will need to establish a single, coterminous sphere for all such agencies.

Community-by-Community Approach:

As previously mentioned, the community-by-community approach is a guide used to establish spheres of influence. The idea was adopted by San Bernardino LAFCO prior to the mandate for spheres of influence, and includes the practice of looking at a total area, which could be considered a community, and defining its boundaries. This approach also considers the existence of inter-related economic, environmental, geographic, and social interests, and attempts to harmonize the conflicting plans and services of the various service entities. Under this approach, an attempt is made to keep the spheres of influence of the various service districts as nearly the same as possible.

Coterminous Boundaries:

The Commission may establish a sphere of influence which is coterminous with existing city/district boundaries when it is not feasible for the public agency to expand beyond its present boundaries. However, as outlined in state law, a sphere of influence must be established for each city and district, regardless whether the sphere boundary is the same as the city or district boundary.

Environmental Review for a Sphere:

A sphere of influence proposal requires review of the environmental aspects of the proposed sphere. The environmental review process is a requirement outlined in the California Environmental Quality Act (CEQA) that applies to the review of sphere of influence proposals. In compliance with CEQA and the State CEQA Guidelines, San Bernardino LAFCO adopted its own

Guidelines and Policies Implementing CEQA on June 22, 1990 with a subsequent amendment adopted on January 18, 1995. The Commission's Guidelines and Policies tailor the general provisions of CEQA to LAFCO's specific functions as both a "Responsible" and a "Lead" agency. The Guidelines and Policies also provide specific procedures used by San Bernardino LAFCO to implement CEQA.

Each sphere of influence proposal involving establishment, expansion, reduction, or submitted as part of the annexation proposal, must be reviewed by the Commission's environmental consultant. As a requirement of LAFCO's review, the environmental assessment must be completed prior to the Commission's review of the item.

Exclusion of Territory:

Under certain circumstances, a sphere of influence may exclude portions of the existing boundaries of a city or district. The Commission encourages reorganization and special studies in this situation to make final determination of which city or district should serve.

For example, certain portions of the City of San Bernardino are surrounded on three sides by the City of Highland, as there are certain portions of the City of Highland that are surrounded on three sides by the City of San Bernardino. In these situations, a sphere of influence study may be initiated to determine which public agency could better serve the area of review. The sphere of influence study would include a review of the possibility of excluding territory from one jurisdiction and the placement of the same territory in another jurisdiction's sphere of influence. The purpose of excluding territory would be an attempt to straighten irregular boundaries, and eliminate confusion arising from multiple jurisdictions.

Modification of a Sphere Review Area:

During the review of a sphere of influence proposal, the Commission may modify the area of review by expanding or reducing the area of review. The expansion or reduction of a sphere can be for several reasons, such as to include areas that may be better served by a public agency, or exclude areas that may be better served by another public agency.

Periodic Review/Update of a Sphere:

As a function of its duties and responsibilities, LAFCO is required to periodically review and/or update spheres of influence. Government Code Section 56425 requires the Commission to review and update, if necessary, all spheres of influence for cities and special districts at least once every five years.

The periodic sphere review does not preclude a public agency (city or district), or an individual from initiating a sphere proposal. The purpose of the periodic sphere review plan is to keep abreast of changes occurring within the public agencies under the jurisdiction of LAFCO.

Requirement for a Sphere Review in Relationship to Annexation:

State law precludes the Commission from approving annexation proposals lying outside of current sphere of influence boundaries for the affected city or district. If an annexation proposal lies outside the sphere of influence of a city or district, the annexation proposal must also include a sphere review. The joint sphere and annexation review is to maintain consistency in city or district boundaries and their sphere boundaries, for the extension and provision of services as it relates to proposed annexation sites.

Responsibility/Obligation for a Sphere Area:

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

Urban Development within a City Sphere:

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

**Response from
Tom Dodson and Associates**

Attachment 5

TOM DODSON & ASSOCIATES

2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tstonramp.com



August 5, 2004

RECEIVED
AUG 06 2004

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

LAFCO
San Bernardino County

Dear Kathy:

LAFCO 2927 consists of a service review for the City of Highland (City) pursuant to Government Code Section 56430 and Sphere of Influence Study Pursuant to Government Code 56425. If approved by the Commission, the service and Sphere review would not result in any change to the services by the City, but it would modify the City's Sphere of Influence by expanding the Sphere northerly to be consistent with East Valley Water City and expansion to the north on the eastern side of the City. Based on the above proposal, it appears that LAFCO 2927 can be implemented without causing any physical changes to the environment or any adverse environmental impacts.

The service and Sphere review does not appear to have any potential to alter the existing physical environment in any manner. Without a potential for causing physical changes in the environment, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) applies to LAFCO 2927 under the Section 15061 (b) (3) which states: "A project is exempt from CEQA if the activity is covered by the general rule 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 LAFCO 2927.

Based on a review of LAFCO 2927 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 2927 does not constitute a project under CEQA and adoption of the Statutory Exemption and filing of a Notice of Exemption is the most appropriate 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 2927 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline sections 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 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 cursive script, appearing to read "Tom Dodson".

Tom Dodson

Draft Resolution No. 2837

Attachment 6

PROPOSAL NO.: LAFCO 2927

HEARING DATE: AUGUST 18, 2004

RESOLUTION NO. 2837

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 2927, A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE CITY OF HIGHLAND.

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

WHEREAS, a service review mandated by Government Code Section 56430 and a sphere of influence update mandated by Government Code Section 56425 have been conducted by the Local Agency Formation Commission of the County of San Bernardino (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,

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by this 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 held upon the date and at the time and place specified in the notice of public hearing and in an order or orders continuing the hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the review, in evidence presented at the hearing; and,

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that this service review and sphere of

RESOLUTION NO. 2837

influence update are statutorily exempt from CEQA and such exemption is hereby adopted by this Commission. The Clerk is directed to file a Notice of Exemption within five working days of adoption of this resolution; and,

WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence for the City of Highland should be: (a) expanded to the north to include the parcel currently owned by the East Highlands Ranch Company and within the East Valley Water District; (b) expanded to the east to include the parcels of privately-owned lands surrounded by City boundaries and within the East Valley Water District sphere; and (c) affirmed for the balance of its area, as more specifically described on the map attached to this resolution; and,

WHEREAS, the following findings are made in conformance with Government Code Section 56430 and local Commission policy:

1. **Infrastructure Needs and Deficiencies.** A comprehensive capital improvement plan has been adopted by the City setting forth recommendations for a variety of projects. This plan is updated on an annual basis. A copy of the City's master plan is maintained in City offices.
2. **Growth and Population.** Based on 2000 census data, the population of the City of Highland is identified as 44,450. Significant growth areas for industrial and commercial development are anticipated along the Fifth Street corridor due to the development of the San Bernardino International Airport. A copy of the General Plan is maintained in the LAFCO staff office and in City offices available for review.
3. **Financing Opportunities and Constraints.** The City receives a share of the general levy of property tax revenue, but the bulk of its revenue is derived from fees for service, sales and use revenue, development fees, state subventions, grants, community facilities districts, redevelopment project funds, and other revenues. Revenues for the City, as is the case for all other local agencies, are constrained by a variety of state laws that govern revenue generation. A complete list of the sources of City revenues is contained within the City budget, which is on file and available for public review in City offices.
4. **Cost Avoidance Opportunities.** The City of Highland did not identify any specific cost avoidance opportunities relevant to this review.
5. **Rate Restructuring.** No relevant issues related to this factor were identified by the City of Highland.
6. **Opportunities for Shared Facilities.** No relevant issues related to this factor were identified by the City of Highland.
7. **Government Structure Options.** No relevant issues related to this factor were identified by the City of Highland.

RESOLUTION NO. 2837

8. **Management Efficiencies.** No relevant issues related to this factor were identified by the City of Highland.

9. **Local Accountability and Governance.** The City is a general law city with a City Manager appointed by the City Council. The City is governed by five-member City Council elected at large, all of which serve four-year terms in office. The Mayor is elected for a one-year term by members of the Council. The City conforms to provisions of the Brown Act requiring open meetings. In addition, the City operates a website with a variety of pages including access to agendas of the City Council, Planning Commission and various City Boards and Committees.

WHEREAS, the following findings are made in conformance with Government Code Section 56425 and local Commission policy for a sphere of influence update:

1. **PRESENT AND PLANNED LAND USES**

The full range of urban, suburban, and rural land uses are included within the boundaries and current sphere of influence of the City of Highland. This sphere of influence update and service review propose minor expansions of the City of Highland sphere of influence to correspond with areas currently a part of the East Valley Water District sphere of influence (a municipal service provider for water and sewer). The sphere of influence designation will require that the City of Highland include this area within its General Plan assigning an anticipated land use.

2. **PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA**

The City has adopted master plans for the service which addresses this issue for the services which it directly provides. Said plans are on file in the City offices.

3. **PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES PROVIDED**

The sphere of influence change contemplated by this action will bring the City of Highland sphere of influence into contiguity with the East Valley Water District sphere of influence. The East Valley Water District is a municipal level service provider. The City has adopted master plans for the services it provides which addresses this issue, and is on file in the City offices.

4. **COMMUNITIES OF INTEREST IN THE AREA**

The changes proposed for the City sphere of influence are intended to provide a definition of the community of interest for Highland, acknowledging the family of service agencies – the City of Highland and the East Valley Water District.

RESOLUTION NO. 2837

5. **OTHER FINDINGS**

- A. Notice of this hearing has been published as required by law in The Sun, and the Highland Community News, newspapers of general circulation in the area. As required by state law, individual notification was provided to affected and interested local agencies, County departments, and those individuals wishing mailed notice.
- B. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination.

WHEREAS, having reviewed and considered the findings as outlined above, the Commission determines: (a) to expand the City sphere of influence to include 120 acres to the north (APN 288-151-05), (b) to expand the City sphere of influence to include approximately 80 acres to the northeast of existing City boundaries (including APNs 297-011-09, 297-011-10, and 297-011-11) and (c) to affirm and uphold the balance sphere of influence for the City of Highland as it currently exists, and is depicted on the map attached to this resolution.

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission of the County of San Bernardino, State of California, that this Commission shall consider the territory, described on the attached map as being within the sphere of influence of the City of Highland, it being fully understood that establishment of such a sphere of influence is a policy declaration of this Commission, based on existing facts and circumstances which, although not readily changed, may be subject to review and change in the event a future significant change of circumstances so warrants.

BE IT FURTHER RESOLVED that the Local Agency Formation Commission of the County of San Bernardino, State of California, does hereby determine that the City of Highland shall indemnify, defend, and hold harmless the Local Agency Formation Commission of the County of San Bernardino from any legal expense, legal action, or judgment arising out of the Commission's determinations on this sphere of influence, including any reimbursement of legal fees and costs incurred by the Commission.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission of the County of San Bernardino by the following vote:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

STATE OF CALIFORNIA)
) ss.

RESOLUTION NO. 2837

COUNTY OF SAN BERNARDINO)

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission of the County of San Bernardino, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission, by vote of the members present, as the same appears in the Official Minutes of said Commission at its meeting of August 18, 2004.

DATED:

KATHLEEN ROLLINGS-McDONALD
Executive Officer