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10/23/2003

TO: Local Agency Formation Commission

FROM: George J. Spiliotis, Executive Officer

**SUBJECT: LAFCO 2003-11-5--REORGANIZATION TO INCLUDE  
ANNEXATION 95 TO THE CITY OF RIVERSIDE AND  
CONCURRENT DETACHMENTS FROM COUNTY SERVICE AREA 126  
AND THE RIVERSIDE COUNTY WASTE RESOURCES MANAGEMENT  
DISTRICT**

PRIOR AGENDAS/RELATED ACTIONS: None.

**EXECUTIVE SUMMARY:**

This report addresses a reorganization that includes annexation of an inhabited area north of the City of Riverside to the City for the purpose of receiving improved municipal services, including the availability of sewer. The proposal was submitted by resolution of application by the City of Riverside. Prior to the city's application submittal, a petition was circulated to all homeowners within the proposed annexation area by an affected resident. The City determined that there was sufficient support in the neighborhood to initiate an annexation. Due to an oversight in the property tax exchange process discovered after the public notice was published, no action can be taken this month. However, staff recommends that the Commission conduct the hearing and then continue the matter one month for final action. Once the property tax issue is resolved, the ultimate staff recommendation will be for approval.

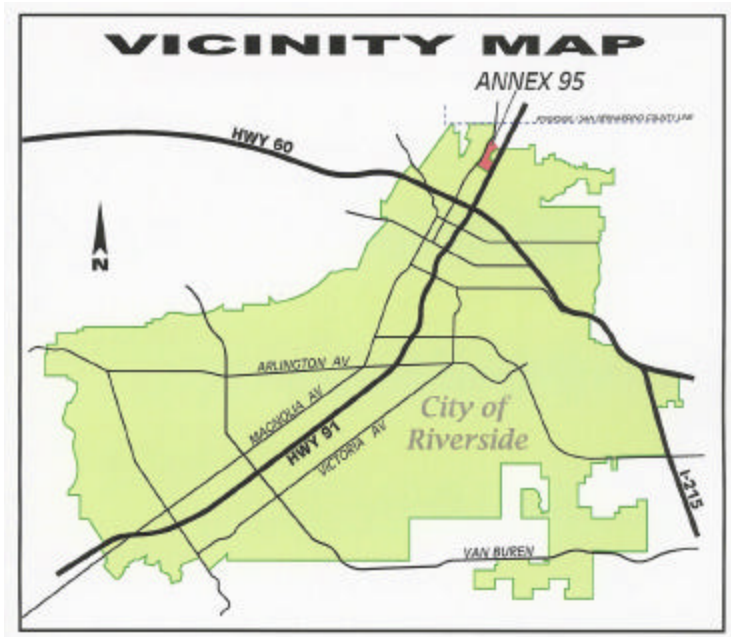
**GENERAL INFORMATION:**

APPLICANT: City of Riverside.

LOCATION: The proposal is located north of the city limits, west of I-215, east of Orange and south of the Springbrook Wash.

POPULATION: Estimated to be approximately 400.

REGISTERED VOTERS: The Registrar reports 171 registered voters on the site, making the proposal legally



inhabited.

ACREAGE: Approximately 90 acres.

CEQA DETERMINATION: The City, as lead agency, has prepared an initial study on this proposal that resulted in the filing of a Negative Declaration. Additionally, the City has found that the proposal will not have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code. Based on that de minimus impact finding, the City has issued a Certificate of Fee Exemption concerning the Department of Fish and Game mitigation fees.

PROPERTY TAX EXCHANGE: The City has adopted a resolution calling for the City to receive 25 percent of the County General Fund apportionment of taxes and 100 percent of the Structural Fire and Library taxes. The Board of Supervisors has adopted a corresponding resolution.

Following publication of the public hearing notice, staff has learned that CSA 126, though it was created subsequent to Proposition 13, receives a portion of the base property tax levy. This property tax apportionment was apparently "inherited" from a now defunct highway lighting district. An additional set of property tax exchange resolutions will be required to address this portion of the property tax. The Commission should delay action on this proposal until the two agencies have adopted these corresponding tax exchange resolutions.

EXISTING CONDITIONS: Presently the annexation area is inhabited and developed. The site consists of approximately 125 dwelling units, primarily single family homes, 2 small mobile home parks, an assisted living facility and an equipment rental yard.

LAND USE PLANS: Current County zoning varies throughout the site, including low and medium density residential, as well as commercial zoning fronting the freeway.

City prezoning designations within the annexation area are generally consistent with County zoning and existing uses. The one exception is the City has applied the R-1-65 zone to the area south of Chase Road. This designation would allow the larger lots in the area to be developed in a manner consistent with the area north of Chase Road and surrounding areas within the City.

**SIGNIFICANT ISSUES**:

BOUNDARIES: This area represents the southern half of an unincorporated pocket of territory that is separated from the larger unincorporated community of Highgrove by I-215. Although annexation of the entire pocket west of the freeway would have been preferable, the proposal still represents an

improvement in service boundaries. A justification for inclusion of only a portion of the pocket is that the proposed annexation area is physically separated from the remainder of the pocket to the north by the Springbrook Wash. There is no direct access connecting these two areas.

SERVICES: The City has submitted a Plan of Services in support of the application. That plan is attached to this report. The following services are highlighted below.

Water: The City of Riverside Public Utilities Department currently provides water service to the proposed annexation area. Customers in the annexation area currently pay a 50% surcharge. Once annexed, the surcharge fee will be eliminated.

Wastewater: Sewer lines exist in the southerly half of the annexation area in Orange Street and in Chase Road. These lines have sufficient capacity to serve adjacent properties. In order to provide sewer to the northern half of the annexation area, new lines would have to be constructed. Construction of new lines and connection to the system would be the responsibility of property owners desiring sewer service. Existing development will not be required to connect to the sewer system unless their septic system fails. New development would be required to connect to the City's sewer system.

Fire Protection: The subject territory is approximately two miles from the County's Highgrove Fire Station (No. 19) on Center Street near Michigan Avenue. The Station is staffed by two three-person engine companies.

The nearest City station, Northside Station No. 6, on Main Street near the 60 Freeway, is approximately 1.7 miles from the annexation area. A secondary response station is located approximately 2.3 miles away on Lime and Mission Inn Blvd. An additional back-up response station is located on Cranford near Linden Street. City stations are generally staffed by at least one four-person engine company.

Police Protection: Police services are currently provided to the proposed annexation area by the Riverside County Sheriff's Department operating from the Jurupa Station. Upon annexation, the City of Riverside will provide police services to the area out of two existing police facilities which include the station at 8181 Lincoln Avenue and the station at 4102 Orange Street. The current sworn officer to population ratio is approximately 1.29 officers per 1000 population.

Solid Waste: Refuse collection is presently provided by the same private hauler and is not subject to change upon annexation.

Electrical Power: The City of Riverside provides electrical

services to nearly all constituents within the city boundaries. Currently, the annexation area is serviced by Southern California Edison (SCE). City electricity rates are generally lower than SCE's. After annexation, the city plans to acquire the existing SCE facilities to serve the subject area, however service will not transfer immediately. The acquisition of the facilities necessary for RPU to provide electrical service to the subject area is expected to take a minimum of one year to complete.

DETACHMENT FROM CSA 126: Although County Service Area (CSA) 126 provides police protection, parks and street lighting to a majority of the Highgrove area, services to areas west of I-215, including the annexation area, are limited to street lighting. This proposal would detach the affected territory from the CSA. Street lighting would be provided by the City through its Street Lighting Assessment District. Street light assessments are discussed in the Taxes and Assessments section below. Detachment would cause an annual assessment revenue loss of approximately \$9,000.00 to the CSA. Most likely, there will also be a significantly smaller, but as yet undetermined, amount of property tax lost by the CSA. The loss should be offset by the loss of service obligation to the area.

DETACHMENT FROM COUNTY WASTE RESOURCES MANAGEMENT DISTRICT (RCWRMD): On March 24, 1994, the Commission approved the formation of the RCWRMD as a separate financial and legal entity to operate and finance solid waste facilities in Riverside County. The District became effective on May 2, 1994. As part of the Commission's action, it determined that future annexations to cities should detach from the RCWRMD unless those cities have annexed to the District. This is based on an understanding between the County and the COGs that annexation of cities to RCWRMD will be accomplished in an organized fashion to ensure appropriate representation on the governing board of the District. Therefore, staff will recommend concurrent detachment from the RCWRMD.

WAIVER OF AUTOMATIC DETACHMENT FROM CSA 152: If the Commission approves the proposal, the Commission should make specified findings in order to waive automatic detachment from the CSA, since the City has opted to annex into CSA 152.

TAXES, ASSESSMENTS AND CHARGES: The City currently levies a general tax in the form of a 6.5% utility tax and an assessment for street lighting. The street lighting assessment for single-family residential is \$31.44 annually. Non-residential property is assessed \$67.04 for the first 200 feet of street frontage plus \$67.04 for each additional 100 feet of frontage. As noted earlier, residents will no longer be required to pay the non-resident 50% surcharge on City water bills.

COMMENTS FROM AFFECTED AGENCIES/INTERESTED PARTIES: Both letters in favor of and in opposition to the proposed annexation were submitted with the application and are attached.

**CONCLUSIONS:**

Prior to the Commission taking action on this proposal, the City and the County must agree to a property tax exchange concerning taxes currently accruing to CSA 126. Although it is recommended that the Commission proceed with the public hearing, the Commission must continue the item after taking testimony. The recommendation for approval of the proposal below is contingent upon resolution of the remaining minor property tax issue.

This proposal includes only a portion of an unincorporated pocket on the west side of I-215. Although annexation of the entire pocket west of the freeway would have been more consistent with Commission policy, the proposal still represents an improvement in service boundaries. The proposed annexation area is physically separated from the remainder of the pocket to the north by the Springbrook Wash and represents a logical incremental annexation. The Commission might consider recommending that the City conduct some form of community outreach to the area north of this annexation for the purposes of providing information and gauging support for annexation.

Annexation will provide residents and property owners an opportunity to generally increase service levels while reducing some utility costs. Some of the savings, however, will be offset by the City's 6.5% utility tax. If approved, a protest hearing will be conducted, affording those affected the chance to determine whether annexation in their best interests.

**SPECIFIC RECOMMENDATIONS:**

Based on the factors outlined above, IT IS RECOMMENDED that the Commission:

1. Open the public hearing, receive testimony and continue the hearing to November 20, 2003 to allow the City and County to adopted additional property tax resolutions.

Once the property tax resolutions are adopted, staff recommends the following specific actions:

1. Find the City of Riverside, as lead agency, has filed a Negative Declaration on the proposal and complied with the California Environmental Quality Act (CEQA) and all appropriate State Guidelines, and the Commission has reviewed and considered the environmental documentation; and that the City has found the proposal will not have an

- adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code;
2. Determine the proposed reorganization is consistent with the spheres of influence of the City of Riverside, and all other affected agencies;
  3. Determine the proposed reorganization is legally inhabited;
  4. Approve LAFCO 2002-11-5--REORGANIZATION TO INCLUDE ANNEXATION 95 TO THE CITY OF RIVERSIDE, AND CONCURRENT DETACHMENT FROM THE COUNTY SERVICE AREA 126 AND THE RIVERSIDE COUNTY WASTE RESOURCES MANAGEMENT DISTRICT, subject to the following terms and conditions:
    - a. The City of Riverside shall defend, indemnify, and hold harmless the Riverside County Local Agency Formation Commission ("LAFCO"), its agents, officers, and employees from any claim, action, or proceeding against LAFCO, its agents, officers, and employees to attach, set aside, void, or annul an approval of LAFCO concerning this proposal.
    - b. In accordance with Government Code Section 56375(n), waive automatic detachment from County Service Area 152 based upon the following findings:
      - i. County Service Area (CSA) 152 is a funding mechanism for the implementation of the National Pollutant Discharge Elimination System (NPDES) emanating from the Federal 1972 Clean Water Act, and re-authorized under the Federal 1987 Clean Water Act.
      - ii. The City of Riverside annexed into CSA 152 and is included within the CSA's service area.
      - iii. Detachment would deprive the area residents services needed to ensure their health, safety or welfare.
      - iv. Waiving detachment will not affect the ability of the City to provide any services.
    - c. In accordance with Government Code Sections 56886(t) and 57330, the subject territory shall be subject to the levying and collection of any previously authorized charge, fee, assessment or tax of the City.
  5. Direct the Executive Officer to initiate protest proceedings upon receipt of required fees.
  6. Prepare and execute a Certificate of Completion upon

receipt of fees required by Section 54902.5 (made payable to the State Board of Equalization) and compliance with applicable terms and conditions.

Respectfully submitted,

George J. Spiliotis  
Executive Officer