



4.a.(supp.)
1/21/2010

TO: Local Agency Formation Commission
FROM: George J. Spiliotis, Executive Officer

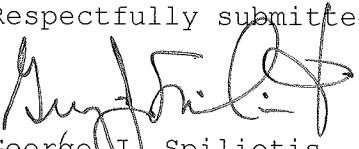
SUBJECT: LAFCO 2008-18-2--REORGANIZATION TO INCLUDE INCORPORATION OF EASTVALE, CONCURRENT DETACHMENTS FROM THE RIVERSIDE COUNTY WASTE RESOURCES MANAGEMENT DISTRICT AND DETACHMENT FROM THE JURUPA AREA RECREATION AND PARK DISTRICT

PRIOR AGENDAS/RELATED ACTIONS: Continued from October 22, 2009.

As noted in the staff report for this month, the Board of Supervisors approved an amendment to the Eastvale Incorporation Revenue Neutrality Agreement on January 12th. The County Executive Office has calculated the impact of the amended agreement on the incorporation based on figures presented in the CFA and minor adjustments presented in October. The attached table illustrates the effect of a portion estimated revenue neutrality mitigation payments coming from structural fire funds instead of the City's General Fund.

As shown, the amount of the mitigation payment shifted from the General Fund to the Structural Fire Fund cancels out the General Fund deficit estimated in the CFA. The table also shows additional structural fire fund revenue payments to the County in order to mitigate the large increase in County General Fund support of fire protection services that would result from incorporation of Eastvale. The result of the transfers from the Structural Fire Fund would reduce the multi-million dollar reserves in this restricted fund to approximately \$500,000, which is still a minimum of 10 percent of the Fire Fund.

Respectfully submitted,



George J. Spiliotis
Executive Officer

Jurupa Boundary Alternative Two (SA 4, 5 & 6) Paired w/Eastvale Scenario 1 (SA 1, 2 & 3)

Per CFA

Jurupa Valley Incorporation

	FY 10/11	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 9	Year 10

Eastvale Incorporation

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
General Fund										
Total Revenues	6,002,240	9,714,649	9,883,827	10,094,206	10,581,022	10,535,581	10,840,387	11,069,225	11,398,994	11,613,728
Operating Expenditures	1,212,497	7,864,113	8,116,559	8,416,146	8,448,072	8,620,072	8,722,072	8,904,072	8,963,072	9,138,072
Non-Operating Expenditures & Transfers										
Contingency	117,000	869,000	897,000	930,000	934,000	953,000	964,000	985,000	991,000	1,011,000
Transition Year Repayment	0	587,000	605,000	623,000	642,000	661,000	0	0	0	0
Revenue Neutrality (as approved)	0	0	0	125,060	556,950	301,509	1,154,315	1,180,153	1,444,922	1,464,656
Operating Transfer In from Fire Fund	0	0	0	0	0	0	0	0	0	0
Total Non-Operating Expenditure	117,000	1,456,000	1,502,000	1,678,060	2,132,950	1,915,509	2,118,315	2,165,153	2,435,922	2,475,656
Total Expense	1,329,497	9,320,113	9,618,559	10,094,206	10,581,022	10,535,581	10,840,387	11,069,225	11,398,994	11,613,728
Net General Fund Surplus/(Deficit)	4,672,743	394,536	265,268	0	0	0	0	0	0	0
General Fund Operating Reserve	4,672,743	5,067,279	5,332,547	5,332,547	5,332,547	5,332,547	5,332,547	5,332,547	5,332,547	5,332,547
Percentage of Expenditures	351%	54%	55%	53%	50%	51%	49%	48%	47%	46%
Percentage of Payment over Total Revenue	0%	0%	0%	1%	5%	3%	11%	11%	13%	13%

Fire Fund

Structural Fire Fund Operating Revenue	0	3,233,000	3,520,000	3,816,000	4,366,000	4,478,000	4,608,000	4,748,000	4,879,000	4,952,000
Structural Fire Fund Operating Expenditures	0	1,692,000	1,709,000	1,725,000	1,743,000	1,760,000	1,778,000	1,796,000	3,628,000	3,664,000
Non-Operating Expenditure & Transfers	0	0	0	0	0	0	0	0	0	0
Operating Transfer Out to General Fund	0	169,000	171,000	173,000	174,000	176,000	178,000	180,000	363,000	366,000
Contingency	0	0	0	0	0	0	0	0	0	0
Transition Year Repayment	0	0	0	0	0	0	0	0	0	0
General Fund Revenue Neutrality (as approved)	0	0	0	1,342,173	919,261	1,183,359	360,028	361,192	103,029	77,296
Fire Fund Revenue Neutrality (as approved)	872,000	1,640,000	1,640,000	575,827	1,529,739	1,356,641	2,291,972	2,410,808	784,971	844,704
Total Non-Operating Expenditure	0	1,041,000	1,811,000	2,091,000	2,623,000	2,718,000	2,830,000	2,952,000	1,251,000	1,288,000
Total Expense	0	2,733,000	3,520,000	3,816,000	4,366,000	4,478,000	4,608,000	4,748,000	4,879,000	4,952,000
Net Fire Fund Surplus/(Deficit)	0	500,000	0	0	0	0	0	0	0	0
Fire Fund Operating Reserve	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Percentage of Expenditures	0%	18%	14%	13%	11%	11%	11%	11%	10%	10%
Percentage of Fire Payment over Op. Revenue	0%	27%	47%	50%	56%	57%	58%	58%	18%	19%

FINDINGS AND DETERMINATIONS (corrected)

Based on the entire record of the Commission's proceedings, the Commission hereby makes the following findings and determinations.

- a. Find the Commission, as lead agency pursuant to CEQA, has prepared an initial study on the proposed reorganization. Based upon the entire record before the Commission, including the initial study, the Commission finds there is no substantial evidence that the proposal will ~~not~~ have a significant effect on the environment. The Commission adopts a negative declaration and finds that the adoption of a negative declaration reflects the Commission's independent judgment and analysis as lead agency.
- b. Pursuant to Government Code Section 56720(a), find the reorganization including incorporation of the proposed City of Eastvale is consistent with the intent of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, including but not limited to, the policies of Government Code Sections 56001, 56300, 56301 and 56377, and the policies of the Riverside County Local Agency Formation Commission.
- c. The Commission has reviewed the spheres of influence of affected local agencies and finds the reorganization is consistent with those spheres of influence.
- d. Find the Commission has reviewed the comprehensive fiscal analysis prepared pursuant to Section 56800.
- e. Find the Commission has reviewed the Executive Officer's staff report and recommendations prepared pursuant to Government Code Section 56665 and the testimony presented at its public hearings.
- f. Pursuant to Section 56803, the Commission accepts each of the findings and recommendations in the Executive Officer's report and the comprehensive fiscal analysis prepared pursuant to Government Code Section 56800, *with exceptions noted and supported by additional findings herein.*
- g. Find the proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the first three fiscal years following incorporation. *The Commission rejects the Executive Officer finding that the incorporation is not financially feasible based on the following findings.*

of the new city at the first municipal election held following the first full fiscal year of operation.

- l. Pursuant to Section 56815(c), determine that the amount of revenue transferring from the county to the new city is not substantially equal to the cost of services similarly transferred. Nevertheless, the negative fiscal impact shall be adequately mitigated by the terms of an agreement approved by the Riverside County Board of Supervisors on October 20, 2009, as subsequently amended on January 12, 2010, providing for mitigation payment from the City of Eastvale to the County over a specified period of time. Furthermore, such agreement is incorporated by reference in the terms and conditions adopted by this Commission.
- m. The name of the city shall be the City of Eastvale.
- n. The City shall be incorporated as a general law city.
- o. The City shall be governed by a five member city council elected at large.
- p. The City shall have the City Manager form of government with a five member city council elected at large at the same election as the incorporation question.
- q. The city council shall appoint a city manager, who shall appoint a city clerk and city treasurer.
- r. The question of incorporation, all related boundary changes, and all terms and conditions shall be presented as one question on the ballot and in accordance with Sections 57133 and 57134.
- s. Pursuant to Section 57118, the election shall be held within the entire territory proposed to be reorganized.
- t. Pursuant to Section 57116, the election to confirm the question of incorporation shall also present the question of whether members of the city council in future elections shall be elected by district, **from district**, or at large.
- u. Determine the proposed reorganization is legally inhabited.
- v. The reasons for the proposed reorganization include the following:
 - Increased local control and accountability for decisions regarding the community
 - Promote orderly government boundaries
 - Retain local revenues for use within the community

- Increase opportunities for residents to participate in civic and governmental activities.
- w. The regular county assessment roll shall be utilized.
- x. The affected territory will not be taxed for any existing bonded indebtedness of any agency whose boundaries are changed as a result of this reorganization. Any existing bonded indebtedness of the County or any other affected agency whose boundaries are not changed shall remain in effect.

TERMS AND CONDITIONS (corrected)

- a. The effective date of the incorporation shall be October 1, ~~2011~~ 2010.
- b. The election and terms of office for members of the City Council shall be subject to Government Code Sections 57377-57379, inclusive.
- c. The disposition of public facilities, land and fees shall be subject to negotiation between the County of Riverside and the new City.
- d. Pursuant to Government Code Section 56815, the City shall be required to make payments in order to mitigate the impact of incorporation on the County. Payment shall be made as specified in the agreement approved by the Board of Supervisors on October 20, 2009, as subsequently amended on January 12, 2010, providing for mitigation payment from the City of Eastvale to the County over a specified period of time and incorporated by reference herein.
- e. Pursuant to Government Code Section 57376, the City Council shall, immediately following its organization and prior to performing any other official act, adopt an ordinance providing that all County ordinances previously applicable shall remain in full force and effect as City ordinances for a period of 120 days thereafter, or until the City Council has enacted ordinances superseding them, whichever shall occur first. Enforcement of continuing County ordinances in the incorporated area shall be with the City, except insofar as enforcement services are furnished in accordance with Government Code Section 57384.
- f. Pursuant to Section 57384, the County of Riverside shall continue to furnish all services provided to the area prior to incorporation. Such services shall be furnished for the remainder of the fiscal year during which the incorporation becomes effective or until the City Council requests discontinuance of the services, whichever occurs first. The new City shall be obligated to reimburse the County Riverside for the net cost of services provided in accordance with the provisions of Section 57384(b).
- g. In accordance with Section 57385, all roads and highways or portions thereof within the subject territory, which had been accepted into the County road system prior to the first signature on the petition initiating incorporation, shall become city streets on the effective date of incorporation.

- h. Notwithstanding subdivision (b) of Section 57385, all roads accepted into the county road system subsequent to the first signature on the petition initiating incorporation and prior to the effective date of incorporation shall become city streets on the effective date of incorporation.
- i. In accordance with Government Code Sections 56886(t), the City shall have the authority to continue the levying and collection of any previously authorized charge, fee, assessment or general or special tax levied within the subject territory by the County or other subject agency, including, but not limited to, transient occupancy tax, franchise fees, business license fees, property transfer tax, and sales and use tax.
- j. In accordance with Section 56886(u), the authority and responsibility for special assessment districts associated with any County Landscape Maintenance District shall be transferred to the new city upon incorporation.
- k. The Eastvale Incorporation Committee 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.
- l. At the earliest possible time after the effective date, the City shall take necessary actions to participate in regional agencies, plans and programs, specifically including Western Riverside Council of Governments, Riverside County Transportation Commission, Multi-Species Habitat Conservation Plan and the Transportation Uniform Mitigation Fee Program.