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## COUNTY OF RIVERSIDE EXECUTIVE OFFICE

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August 6, 2013

George Spiliotis, Executive Director  
Local Agency Formation Commission  
3850 Vine Street, Suite 240  
Riverside, CA 92507

Re: LAFCO 2013-05-1-Reorganization to include Annexation 114 to the City of Corona (Temescal Valley),  
Concurrent Detachment from the Riverside County Waste Resources Management District and Detachment  
from County Service Area 134

Dear Mr. Spiliotis:

On July 30, 2013, the County Board of Supervisors moved to oppose the annexation and requested that the City of Corona withdraw its application. In the event the city should choose not to withdraw the application, the Board authorized county staff to negotiate with the city terms and conditions that would mitigate negative impacts on the county. The county will submit additional terms and conditions if and when the county and city should reach an agreement on property tax sharing and other mitigation terms.

The county is opposed to the proposed annexation due to unmitigated negative fiscal impacts on the county, unmitigated negative impacts on public safety services to adjacent unincorporated areas, and overwhelming opposition to the proposal by affected residents. The county recommends that LAFCO deny the application. This correspondence outlines deficiencies in the city's proposal, the fiscal and operational impacts of the proposal, reasons LAFCO should deny the proposal, and the county's proposed terms and conditions in the event LAFCO should approve the proposal.

Please note that the county believes that the master tax sharing agreement in place does not apply to the Temescal Valley. Although the county and city approved a master tax sharing agreement in 1981, that agreement predates the May 22, 1986 LAFCO action adding Temescal Valley to the city's Sphere of Influence and the passage of the Cortese Knox-Hertzberg (CKH) Act. Given the size of the annexation area and its financial impact, relying on the 1981 agreement is inconsistent with the legislative intent of the CKH Act. Without mitigation, the city's proposal impairs the county's ability to provide existing services to adjacent or neighboring unincorporated areas. While we are willing to negotiate a new agreement with the city, we respectfully suggest that in the absence of an agreement with the city, a LAFCO hearing would be premature. The county encourages LAFCO to withhold the certificate of filing for this application and to deny the application due to missing information and the fact that the application does not meet the requirements of the law and LAFCO policies.

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### Fiscal Impacts

The county's fiscal impact analysis (attached) concluded that annexation would have a negative \$2.9 million annual impact on county general, fire and library funds based on existing development, in addition to a future impact of at least \$2.9 million annually related to additional development. Over the longer term when growth is taken into account, the negative impact reaches \$5.8 million annually.

The proposal does not conform with adopted LAFCO policies. Riverside LAFCO policy 3.1.3 requires an annexing city to discuss fiscal mitigation with the county prior to submission of its application to LAFCO if there are significant negative fiscal impacts. Indeed, the city submitted its application with a superficially complete fiscal impact report (FIR) that failed to disclose significant negative fiscal impacts of the proposal on the county. The city did not propose terms and conditions that would alleviate the significant negative fiscal impacts on the county prior to submission of its application to LAFCO.

The LAFCO application packet requires an FIR be submitted as part of an annexation proposal. LAFCO requires that the FIR analyze the net cost of all services (countywide and municipal) if the area remains unincorporated and if the area annexes, stating that the impact of the annexation is the difference between these two scenarios. The city submitted to LAFCO an FIR that was flawed in several respects:

- The city's FIR neglected to state either in text or in its summary findings (Table 3) the net fiscal impact on the County fire, library and transportation funds. The city's FIR overstated the cost of patrol services to the relatively low-crime annexation area by \$2 million. The city's FIR estimated the county would shed \$3.5 million in Sheriff patrol costs after annexation based on a per capita methodology that simply assumed that the county's average costs in the unincorporated areas as a whole are relevant to Temescal Valley. Using a case study method, the county's FIR determined that the county spent approximately \$1.6 million in FY 11-12 on patrol (page 36 and Table 8-3). County guidelines stipulate that fiscal impacts on Sheriff patrol costs in unincorporated areas be estimated using a case study method (*County of Riverside Guide to Preparing Fiscal Impact Reports*, 1995, p. 16).
- The city's FIR did not account for fire-related fiscal impacts on the county. The city's FIR assumed that fire-related property taxes would transfer to the city (as shown in Table 3-2), but neglected to provide fire-related fiscal impacts on the county. Revenues were assumed to equal the costs of providing service (Table 3, note 2). The city's FIR did not report a fire-related cost or net fiscal impact on the county's fire or general funds. A major flaw in the city's analysis is that it fails to address the cost of providing continued service to areas presently served by Station 64, which is located in the annexation area. In order to continue to provide service with minimally acceptable response times, the county will need to maintain service out of Station 64 or a new location. Indeed, as discussed in the county's FIR, the city's proposal would remove \$1.4 million in revenue supporting Fire Station No. 64, but leave the county in the position of continuing to shoulder the \$1.7 million annual cost of operating the fire station. The county's FIR determined that the net fire-related impact on the county general fund would be negative \$1.1 million.
- The city's FIR assumed that library-related property taxes would transfer from the county to the city even though the service responsibility would not effectively transfer along with the revenues. The city FIR assumed that city library costs would be unaffected by annexation, indicating that the city presently provides library services to the annexation area (Table 3-2, Note 2). Indeed, library patrons within the annexation area are not expected to change which libraries they patronize as a result of annexation.

The county's FIR is attached to this letter. In summary, we have identified a negative annual impact of \$2.9 million. Please refer to the discussion at the end of Chapter 6 regarding the differences between the county and city findings.

#### Plan for Services

The Cortese Knox-Hertzberg Act of 2000 requires a plan of services which identifies services to be provided and includes details thereof. The city submitted an incomplete and inaccurate plan of services.

- The city's plan for Fire/EMS is vague about the placement of a new station in Temescal Valley, and the level of service standard. The plan does not disclose the negative impact of the proposal on fire, EMS and ambulance response times in the annexation area. The additional costs for fire services provided to the residents by the City of Corona versus what is provided by the County of Riverside was not addressed. The city's plan did not state the city's intent to enter into an agreement with CAL FIRE for wildland fire protection. This has twice been required by LAFCO of the City of Corona for the Eagle Glenn (Annexation 76) and Eagle Valley (Annexation 72) annexations. In both instances, five year agreements were entered into, but never renewed. In Annexation 72, it appears the city argued against the condition, but finally acquiesced to it.
- The city's plan includes a law enforcement response time table that is misleading, implying that response times by the Corona Police will be the same in the annexation area as in the city as a whole. The city's proposal to serve the annexation area from an existing city location makes this unlikely. The lower density and the nature of the street network in the annexation area would imply the city would face challenges in responding as quickly as it does within the existing city limits. Further, the plan does not disclose that the city would spend less (per capita) on law enforcement in the annexation area than in the existing city limits, as implied by the city's FIR (see table 3-2).
- Applicable solid waste charges are inaccurate in the city's plan. The city has compared county refuse charges with the charges in the portion of the city billed by its water utility. Actually, the city residents living outside the water district boundaries are charged a higher rate (billed directly by WMI). This would also be the case for the customers in the annexation area. In addition, there is no income-qualified rate for residents outside of the water utility service area.
- The city's plan for library services does not address any service impacts. Although the plan states that there is no county library within the annexation area, it does not disclose the location of the nearest county libraries in El Cerrito and Home Gardens. The city proposes that library-related property taxes (\$0.4 million) transfer to the city even though the city's FIR acknowledges that there would be no library-related cost impacts on the city.
- Temescal Valley residents would see a reduction in the level of animal control services based upon the greater number of weekly hours that the shelter is available to the public (41 versus 22 hours, and 6 versus 4 days open).
- The city's plan does not disclose that businesses in the annexation area would become subject to the city's business license tax on gross receipts. Businesses presently pay a small registration fee to the county, and are not liable for business license taxes.

#### Impacts on Adjacent Areas

The proposal has a negative effect on adjacent areas, and on the adequacy of services in adjacent areas.

The City of Corona's proposal results in reduced revenue with no offsetting reduction in cost as a result of the need to serve the remaining county residents. The proposal reduces the fire department's ability to provide integrated regional service by removing backup resources. The proposal would raise the cost of providing service to the adjacent area as well as regional areas. If fire-related property taxes in the annexation area were to transfer to the city, the county would lack the financial resources to keep fire station 64 open. Fire station 64 serves residents and businesses outside the annexation area in Horsethief Canyon, Glen Eden, Spanish Hills, and Dawson Canyon. Travel times from the next closest fire station are in excess of urban response time standards. Station 64 also provides back-up response to northern Lake Elsinore, Norco, and Eastvale; the proposal would

negatively affect these areas. Fire station 64 is presently deployed to structure fires (which require six responding engine companies) in neighboring regional areas in Lake Elsinore, El Cerrito, Home Gardens, McVicker Park, and Norco; the proposal would negatively affect response to structure fires in these areas.

If library-related property taxes in the annexation area were to transfer to the city, there would be unmitigated negative impacts on the county library system. Upon annexation, Riverside County Library Systems would be unable to reduce its library operating costs without having a negative impact on service levels for residents of the El Cerrito and Home Gardens areas.

The city's proposal would negatively affect "environmental justice," which is defined in Government Code 56668(o) as the fair treatment of people of all incomes with respect to the provision of public services, such as fire and library services. Portions of El Cerrito and Home Gardens are relatively low-income and defined by LAFCO to be "disadvantaged unincorporated communities." The extent by which county services to these areas are diminished, lower income residents would suffer.

The proposal divides an existing, identifiable community. Horsethief Canyon is located between the annexation area and the City of Lake Elsinore, and is outside of the City of Corona's sphere of influence. Horsethief Canyon residents have expressed opposition to the annexation based upon the community identity with its northern neighbors. This identity is evidenced by participation in youth leagues, church membership and other social interaction. It is also evidenced by the creation and existence of the Temescal Valley Municipal Advisory Committee (T-MAC), which would be at risk of being dissolved due to a decrease in the area to be represented. Separation of Horsethief Canyon perhaps more importantly could reduce its ability to share in services provided to the area as a whole. The issue of maintaining Fire / EMS response times has been specifically addressed elsewhere. Sheriff's patrol may not be as readily accessible with the removal of Temescal Valley resources (e.g., being able to respond while on a call nearby in the subject area versus being dispatched from Lake Elsinore or elsewhere). The same goes for other services provided on a regional basis. Given the unmitigated impact on Horsethief Canyon, it is unclear how the proposal is consistent with LAFCO policy 2.1.4.

The city's proposal could negatively affect service levels within the existing city limits. The city's FIR indicates the proposal would not yield a city fiscal surplus at the time of annexation (Table 3-2). By implication, the city could finance services to the proposed annexation area such as the proposed fire station and mitigate negative impacts on the county only by drawing upon its general fund resources in the existing city limits.

#### Terms and Conditions

If LAFCO should decide not to deny the application, the county requests that LAFCO modify the proposal. The county's Waste Management Department has recommended the exclusion of nine parcels related to El Sobrante landfill, including the access road, from the annexation. Removing these parcels would allow for continued operation of this landfill without complicating the regulatory environment as related to jurisdictional authority and potentially impinging on those operations. The county is in receipt of comments made by the owner and operator of El Sobrante Landfill, Waste Management Inc., to LAFCO that reflect similar concerns.

The county opposes the city's proposed assumption of fire service responsibility in the annexation area (and associated property tax transfer) due to the harm it would cause to regional and adjacent areas.

The county's position is that the city should be required to enter into a long-term agreement with CAL FIRE for wildland fire protection to the proposed annexation area, and to previously annexed Eagle Valley and Eagle Glen.

Letter to George Spiliotis

August 6, 2013

Page 5

The city shall reimburse the county for discretionary road funds the county has spent within the last six years in the proposed annexation area.

The city shall formally acknowledge the outstanding bonds and debts which are secured by Redevelopment Property Tax Trust Fund revenues generated in the annexation area.

The city shall agree to adopt and implement the *Temescal Valley Design Guidelines/Trail* and *Temescal Valley Area Plan Trails Plan/Element*. The City shall agree to coordinate, participate and contribute to the Regional Park and Open Space District (RPOSD) efforts to implement the regional trails portion of the network in the annexation area.

The city shall agree to protect the Southern Immigrant Trail (a historic wagon route used during the colonization of California ), and provide appropriate reports, monitoring reports and artifacts to the appropriate agencies within the County of Riverside for proper cataloging, recording and interpretation.

In the event annexation is processed after Riverside Parks and Open Space District acquires land for an 18-acre bike park in the annexation area, the city shall reimburse the District for land acquisition costs and the land and bike park service responsibility shall transfer to the city.

The transfer of CSA 152 Zone B assessments to the city shall be conditioned on the city accepting full responsibility for maintenance and liability of the associated Deleo Sports Park and Coral Canyon Park.

As county staff has delved into this issue, we have identified an increasing number of concerns. We will do our best to advise you of those prior to any scheduled hearing.

Thank you for your consideration and cooperation on this matter. The importance to the county and the affected residents cannot be overstated. Based on these reasons, it is the county's position that LAFCO should deny the city's proposal.

Sincerely,



GEORGE A. JOHNSON  
Chief Assistant County Executive Officer

Attachments:

- 1) County Fiscal Impact Report, dated July 23, 2013
- 2) Correspondence from the County's Waste Management Department, dated July 18, 2013

cc: Board of Supervisors, County of Riverside






**Riverside County**  
**Waste Management Department**

*Hans W. Kernkamp, General Manager-Chief Engineer*

July 18, 2013

**TO:** Tina Grande, Principal Management Analyst  
Executive Office

**FROM:** Ryan Ross, Principal Planner   
Riverside County Waste Management Department

**RE: Proposed Annexation of Temescal Valley**  
**LAFCO 2013-04-1 & 2013-05-1**

The Riverside County Waste Management Department (RCWMD) has reviewed the proposal by the City of Corona (City) for the annexation of the Temescal Valley area. The RCWMD offers the following comments:

- 1) The El Sobrante landfill represents an important public/private partnership between the County of Riverside (County) and USA Waste of California, Inc. (USA Waste). USA Waste is the owner/operator of the landfill, while the RCWMD operates the scale house and implements a load check program. In addition, RCWMD acts on behalf of the County of Riverside as Lead Agency for CEQA analysis of landfill related projects.
- 2) In accordance with the Second El Sobrante Landfill Agreement (Agreement) and its purpose, the RCWMD recommends that the County oppose the current annexation boundary as proposed by the City. Specifically, the RCWMD is highly concerned about the possible incorporation of the El Sobrante landfill access road into the City as part of the proposed annexation. The access road is owned by USA Waste and is a critical component of the landfill. The El Sobrante landfill is an essential complex solid waste disposal facility and its property should not be divided amongst multiple jurisdictions which would result in a burdensome and costly permitting and entitlement process for future landfill related expansions or projects.

Because of the County's active involvement and responsibility with the El Sobrante landfill, the RCWMD strongly requests that the landfill access road remain within the jurisdiction and purview of the County and be excluded from the boundaries of the proposed annexation.

Landfill Access Road Parcels:

283-160-032; 283-160-033; 283-160-034; 283-190-033; 283-190-039; 283-120-015

- 3) The RCWMD supports the recommendation of Waste Management Inc. (WMI), as stated in their letter to LAFCO dated June 28, 2013, requesting the exclusion of the landfill access road from the proposed annexation, as well as three (3) parcels used for the El Sobrante Landfill Multi-Species Habitat Conservation Plan (MSHCP).

El Sobrante Landfill MSHCP Contingency Parcels

283-120-014; 283-120-008; 283-120-009

- 4) Please note that six (6) parcels (owned by USA Waste) adjacent to the El Sobrante landfill are addressed under the "El Sobrante Landfill Policy Area" in the County's General Plan- Temescal Canyon Area Plan. These parcels include former composting and surface mining lands, as well as the contingency parcels for the landfill's MSCHP (as discussed in #3). The conditions and general plan policies associated with the parcels under the policy area should be preserved in the event of an annexation

El Sobrante Landfill Policy Area

283-120-001; 283-120-002; 283-120-003; 283-120-008; 283-120-009; 283-120-014

Thank you for coordinating the County's response. Please continue to include the RCWMD in future transmittals relating to the proposed annexation. Feel free to call me at (951) 486-3280 if you have any questions regarding the above comments.

Attachment: Landfill Parcel Exhibit

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