

I. Overview

LAFCOs are mandated by the Cortese-Knox-Hertzberg Reorganization Act of 2000 (CKH) to encourage orderly development within their county of jurisdiction. The Act governs the boundaries of special districts and cities, consistent with each agency's principal act. To implement boundary changes, CKH directs LAFCOs to make reorganization decisions based on several factors, including the need for and efficiency of public services. To promote greater efficiency in services for future planning purposes, the CKH mandates LAFCOs to conduct Sphere of Influence (SOI) reviews once every five years or as necessary. SOIs are used as a planning tool for agencies to conduct service and facility planning for areas it intends to serve in the future.

A SOI is defined as "a plan for probable physical boundaries and service area of a local agency, as determined by the Commission." Consistent with Commission SOI policies, a SOI can a) be coterminous to agency boundaries as the ultimate foreseen configuration of the agency in anticipation of no future growth, b) be extended beyond the agency boundaries in anticipation of future growth, c) be smaller, indicating the need to detach areas from the agency boundaries, or d) be designated a "zero sphere", which indicates a potential dissolution of the agency. In order to amend the sphere of influence boundaries, formal approval from the LAFCO Commission is required.

Prior to or in conjunction with SOI reviews a Municipal Service Review (MSR) must be prepared pursuant to Government Code Section 56430(c). MSRs are conducted to assist in the SOI review process by providing information regarding the ability of agencies' to provide public services.

This Municipal Service Review will review the services provided by the City of Cathedral City.

Pursuant to 56430(a), the MSR will make determinations with respect to the following:

- (1) Growth and population projections for the affected area.
- (2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
- (3) Financial ability of agencies to provide services.
- (4) Status of, and opportunities for, shared facilities.
- (5) Accountability for community service needs, including governmental structure or operational efficiencies.
- (6) Any other matter related to effective or efficient service delivery, as required by the Commission.

Provided below is a summary of what each determination will address.

(1) Growth and population projections for the affected area.

This will evaluate the method of projection and its relationship to services and facility planning.

(2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

Will assess standard/objective levels of municipal services in relation to the current level of services as well as future plans to attain those objectives and/or maintain existing levels of services.

(3) Financial ability of agencies to provide services.

Identifies whether the City has any general bonded indebtedness, its purpose, tax rate and when the debt will be retired. In addition, general taxes, special taxes, and assessments will be identified in relation to the services funded by those monies.

In extreme cases, agencies not financially capable of providing the basic services will be identified.

(4) Status of, and opportunities for, shared facilities.

To promote greater efficiency in public services, the MSR explores opportunities for different agencies to share facilities and/or resources. By sharing facilities or other resources, agencies can eliminate the duplication of studies, planning efforts, staff or equipment, and potentially lower the cost for providing services.

(5) Accountability for community service needs, including governmental structure and operational efficiencies.

Identifies efforts made by the agency to increase public participation and accountability. Also, discusses whether audits are performed and how they are made available to the public.

(6) Any other matter related to effective or efficient service delivery, as required by Commission policy.

This will allow this LAFCO to identify areas outside an agency's boundaries currently receiving or requesting services from the agency. Also, identifies inhabited areas within or outside the current sphere of influence that the City anticipates annexing within the next five years or that could benefit from services provided by the agency.

Issues unique to a particular agency or geographic area will be explored.

II. Service Review Process

In preparation of the MSR, public agency input is very important. To begin the MSR process, affected agencies are asked to provide information regarding services provided. Through a combination of responses from the questionnaires, follow-up conversations with the agencies and research, the MSR is prepared. In this instance, the affected agency is provided a draft of the MSR for review and comment, prior to the circulation of the Final Draft that will be presented before the Commission. This is an opportunity to address any concerns of the affected agencies regarding the data presented. At the public hearing the Commission will review the final draft of the MSR. After the hearing, the draft determinations will be modified as necessary and adopted by the Commission.

III. Agency Review

The City of Cathedral City incorporated on November 16, 1981 as the 18th city in Riverside County. It is located in the Western Coachella Valley and is bounded by the Cities of Palm Springs on the west and Rancho Mirage to the east. The City abuts the foothills of the San Jacinto Mountains to the south and stretches north across Interstate 10 to Edom Hill. The developed portions of the City, south of I-10, are predominantly flat, gradually sloping north to south from an elevation of approximately 500 feet to approximately 300 feet near highway 111. An exception is the Cathedral City Cove area at the very south end of the City, which rises up an alluvial fan to approximately 700 feet. The city boundaries encompass approximately 21.8 square miles. The City's sphere of influence was recently expanded by the Commission to include approximately six square miles north of I-10.

City Hall is located at 68-700 Avenida Lalo Guerrero, just north of East Palm Canyon Drive (Hwy 111) at Cathedral Canyon Drive, near the southern end of the City. The Police Department is at the same address.

Cathedral City is a full-service city. The municipal services provided by the City include police, fire, park and recreation, road maintenance, and library services. Water, wastewater, and flood control services are provided by the Coachella Valley Water District, with the exception of the areas south of the Whitewater River that include the general downtown area and "The Cove". These areas are provided water and wastewater services by Desert Water Agency.

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The City was incorporated with a subsidiary Community Services District (CSD) to assume functions previously provided by several County Service Areas (CSAs). Such services included Street lighting, parks and recreation, sand control and road maintenance. Subsequent to incorporation additional special taxes and/or assessments were levied through the CSD to finance City services. In 1999 voters repealed these taxes, resulting in the reduction or elimination of several services. Since that time, the CSD has been functionally dormant.

A. Governing Body

The City of Cathedral City incorporated in 1981 as a General Law City. The city is governed by a five member council, including a directly elected mayor. Council members are elected at-large to four year terms. The City Clerk and City Treasurer are also elected positions.

Regular City Council Meetings are held on the second and fourth Wednesday of each month at 6:30 p.m. in the Civic Center Council Chambers. The Council typically meets once per month during the summer.

B. Budget Information

The City of Cathedral City prepares a two-year budget, the latest covering fiscal years 2010-11 and 2011-12. The Budget is posted on the City’s website www.cathedralcity.gov. The document is well organized and written in a manner understandable to the general public.

The current economic situation has had a significant effect on the public sector. Like most cities, the City of Cathedral City has had to continue to provide services with fewer resources. Two of the City’s primary revenue sources, property and sales taxes, have been impacted by the economic slowdown. The decline in revenues and increase in expenditures have created a structural deficit for the City. This fiscal year, 2011-12, year two of the two-year budget, includes an increase in the City’s general fund budget.

To offset the declining revenue the City has implemented two different voter-approved tax measures, transferred monies from other funds, and used the City’s fund balance. City voters approved Measure L, a “permanent” three percent Utility Users Tax in November of 2008. Measure H, a temporary five-year, one percent Transactions and Use Tax was approved in June of 2010. The latter is seen as a short term solution to allow the City to develop a long-term solution to its structural deficit. The City’s 2010-11 and 2011-12 budgets indicate an increase in tax related revenue by 12.6% and 16.5% respectively. Monies transferred from other funds to the General Fund are approximately \$3.45 million in FY 2010-11 and \$3.55 in FY 2011-12. The City’s undesignated fund balance is utilized as the City’s reserve fund. \$4.7 million of the City’s fund balance was budgeted to offset the deficit in FY 2010-11 and \$2.3 million in FY 2011-12. The City’s fund balance, which was \$21.1 million at the end of FY 2006-07, is expected to fall to \$3.75 million at the close of FY 2011-12. The Government Finance Officers Association in its “best practices” recommends a city maintain an unreserved fund balance in their general fund no less than two months of regular general fund operating revenues or regular general fund operating expenditures. The fund balance at the end of FY 2011-12 is projected to be the equivalent of slightly over a month of operating expenditures.

One method of addressing the structural deficit has been staff reductions. The City has reduced funded positions from 253 to 207 over the last two years. There have been no staff reductions in public safety departments. The City reports that service levels generally have not been impacted.

Table 1. City of Cathedral City General Fund

| General Fund | FY 2010-11 | FY 2011-12 | Pct change from prior year |
|-------------------|----------------|----------------|----------------------------|
| Revenues | \$30,482,328 | \$34,182,218 | 12.14% |
| Expenditures | (\$35,250,008) | (\$36,525,839) | 3.62% |
| Surplus (deficit) | (\$4,767,680) | (\$2,343,621) | -50.84% |

The City does not have any general bonded indebtedness.

C. Population & Growth

Population

As of January 1, 2011, the Department of Finance reports an estimated population of 51,603 for the City of Cathedral City, an increase of approximately 0.8% from the April 2010 Census figure of 51,200. Provided below are the population projections as listed in the 2010 Riverside County Progress Report. Please note these projections were prepared prior to release of Census data. In comparison, the Progress Report estimate for Cathedral City for 2010 (from the State Dept. of Finance) overstates the Census figure by approximately 1,600 persons. Population within the existing city limits is expected to increase by approximately 27% from 2010 to 2035, based on those projections, for an average annual population increase of approximately 1.1%. The projections do not account for population increases associated with any future annexations.

Table 2. City of Cathedral City Population Projections

| Year | Population | Avg. Annual Percent Change |
|------|------------|----------------------------|
| 2010 | 52,841 | --- |
| 2015 | 58,595 | 2.18% |
| 2020 | 61,059 | 0.84% |
| 2025 | 63,319 | 0.74% |
| 2030 | 65,367 | 0.65% |
| 2035 | 67,194 | 0.56% |

*2010 Riverside County Progress Report

The City’s current sphere of influence includes approximately 6.4 square miles northeast of the City limits. The City General Plan does not include any residential land uses in this area, therefore annexation of territory in the current SOI would not impact population projections. The City has requested an 8.1 square mile expansion of its SOI to include the community of Thousand Palms. The population of Thousand Palms as of April 2010 was 7,715. There are no population projections available for Thousand Palms.

Housing Inventory

The total amount of housing units in Cathedral City as of January 1, 2011 is estimated at 20,991 (DOF), four units lower than the April 2010 Census figure of 20,995. Provided below are housing projections reported in the 2010 Riverside County Progress Report. Please note these projections were prepared prior to release of Census data. In comparison, the Progress Report estimate for Cathedral City for 2010 (from the State Dept. of Finance) overstates the Census figure by 532 units. The number of dwellings within the existing city limits is expected to increase by approximately 37.6% from 2010 to 2035, based on those projections, for an average annual unit increase of approximately 1.5 %. The projections do not account for additional housing associated with any future annexations.

Table 3. City of Cathedral City Housing Inventory

| Year | Housing Units | Avg. Annual Percent Change |
|------|---------------|----------------------------|
| 2010 | 21,527 | --- |
| 2015 | 23,627 | 1.95% |
| 2020 | 25,127 | 1.27% |
| 2025 | 26,627 | 1.19% |
| 2030 | 28,127 | 1.13% |
| 2035 | 29,627 | 1.07% |

*2010 Riverside County Progress Report

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Based on pre-census 2010 DOF estimates, approximately two-thirds of the dwellings in Cathedral City are single family homes. A breakdown of housing unit by type is provided in the table below. The 2010 Census indicates approximately 10 percent of the City's housing stock is for seasonal/recreational use.

Table 4. City of Cathedral City Housing Units by Type

| Type | 2010 | Percent |
|-------------------|--------|---------|
| Detached | 11,550 | 53.65% |
| Attached | 2,659 | 12.35% |
| Multi-Family: 2-4 | 2,428 | 11.28% |
| Multi-Family: 5+ | 2,035 | 9.45% |
| Mobile Homes | 2,855 | 13.26% |
| Total Units | 21,527 | |

*January 2010 Estimate, California State Department of Finance

Capacity for growth

With the exception of a few large parcels along the south side of I-10 and all the incorporated territory north of I-10, the City is predominantly developed. The greatest growth potential exists north of the freeway. The City's North City Specific Plan calls for large areas of mixed use, higher density development, as well as business park uses. Residential absorption from 2000 to 2010 has averaged approximately 363 units per year. As noted above, the City is requesting the addition of the Thousand Palms area to its SOI. Roughly half of the acreage within the requested SOI area is vacant and developable, although a portion of that is residential infill parcels. Much of the vacant land is designated for low density residential use. However, some opportunities for higher density residential growth and non-residential uses exist on several hundred acres along the freeway and the western boundary of the request.

IV. Services

Cathedral City provides a wide range of services either directly or by contract. This review of municipal services will be limited to police, fire, park and recreation, solid waste, road maintenance, library, and animal control services.

A. Police Protection Services

Cathedral City maintains its own police department. The Police Station is located at the Civic Center complex. The City also maintains a sub-station in the Gentry Plaza located in the central portion of the City at the southeast corner of Ramon Rd. and Cathedral Canyon Dr. The substation is not permanently staffed, however it is available to police personnel for report writing and other business. The substation also has a community room for meetings.

The City police force is comprised of 57 sworn officers. The City does not have a firm standard for staffing, however, the Fire and Police Protection Element of the City's General Plan indicates that the City "shall strive to maintain a minimum ratio of 1.5 sworn police officers per 1,000 residents." Based on current staffing and population, the ratio is approximately 1.1 officers per 1,000 population.

The Department performs patrol, investigation, traffic enforcement, etc. The Department also has a Special Enforcement Detail (SED) charged with gang suppression, graffiti suppression, vehicle theft and burglary suppression, fugitive apprehension along with surveillance and undercover operations. SED may assist the detective bureau with violent crimes and major cases. SED is sometimes tasked with short-term crime suppression in targeted areas, dealing with crime 'hot-spots' or unusual patrol problems.

The Cities of Cathedral City and Palm Springs have joined forces to form a combined SWAT Team. The SWAT Team is deployed in the most difficult situations requiring specialized tactics, skills, and/or equipment. Team members have primary duties as patrol officers or investigators with their respective departments. The department also performs dispatch services for the City of Desert Hot Springs.

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In calendar year 2010, the Cathedral City Police Department received over 53,000 calls for service, an average of nearly 150 per day. The total number of calls for service has dropped approximately five percent from 2008 through 2010. The Department does not have any quantitative objectives for response times or other service level standards. However, over the last two full years response times have been reduced substantially, as shown in the table below. (*Note: response times represent travel time once a call is dispatched to arrival at the scene.)

Table 5. Police Protection Service Calls

| Year | Total Calls for Service | Average Response Times | Emergency Calls | *Average Response Times |
|------|-------------------------|------------------------|-----------------|-------------------------|
| 2008 | 56,332 | 8.2 minutes | 748 | 4.1 minutes |
| 2009 | 55,780 | 7.9 minutes | 673 | 3.1 minutes |
| 2010 | 53,410 | 5.5 minutes | 815 | 2.0 minutes |

B. Fire Protection Services

Cathedral City maintains its own fire department comprised of three stations. The Freeway Station is located at the northern end of the developed portion of the City, on Landau Blvd., between Vista Chino and I-10. The Headquarters Station is located in the central portion of the City, near the intersection of Ramon Rd. and Date Palm Dr. The Downtown Station, just east of the Civic Center, covers the south end on the City, including the Cove area. Each station houses an engine company and a paramedic ambulance. The Headquarters Station, however, may respond with either an Engine Company or an Aerial Ladder unit. The paramedic unit at this Station might not be staffed at all times due to staffing fluctuations. The location of the stations provides excellent coverage to the City's current residents and businesses. The City does not currently have any stations north of I-10, as no development has occurred in that area of the City. The City has acquired a site for a future fire station north of the freeway in the vicinity of Date Palm Dr. and Varner Rd.

The County has a fire station in Thousand Palms. The recently relocated station, named in honor of late Supervisor Roy Wilson, is located on Robert Rd., near Ramon Rd, approximately one-half mile northeast of the freeway. The Station is equipped with one Engine Company with paramedic firefighters. The Thousand Palms Station also houses the County's Desert Fire Training Center. As part of the County's regional fire protection system, the station also provides coverage to the north end of the Cities of Palm Desert and Rancho Mirage, both of which contract with the County Fire Department. County units located at the North Palm Desert and North Rancho Mirage Stations are also located such that they would respond to calls in Thousand Palms. A station is also planned south of I-10 near Cook Street. It should be noted that typical staffing on County Engine Companies is three personnel.

Table 6. Cathedral City Fire Stations

| Station | Location | Staffing/Equipment |
|------------------------------------|------------------------|---|
| Station 411 (Downtown Station) | 36913 Date Palm Dr. | Engine Co. - 2 person; Paramedic Ambulance - 2 person |
| Station 412 (Headquarters Station) | 32100 Desert Vista Rd. | Engine Co. - or 100' Aerial Ladder Truck (2-3 person); Paramedic Ambulance* - 2 person *Medic unit may not be staffed on daily basis due to fluctuating staffing levels. |
| Station 413 (Freeway Station) | 27610 Landau Blvd.. | Engine Co. - 2 person; Paramedic Ambulance - 2 person |

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The City has adopted the National Fire Protection Association’s NFPA 1710 as the standard for response times. Among other requirements, NFPA 1710 calls for a travel time of four minutes to 90 percent of emergency incidents for the first responding company. Response times reported in the following table include the total time from receipt of a call to arrival at the scene. Allowing an additional two minutes for dispatch and turnout time, reported averages are near or over the four minute standard, meaning the 90 percent goal is not being met.

Table 7. Fire Protection Response Times

| Year | Assist | EMS | Exposure | False | Fire | Hazard | Other | Service | Average Response Time |
|--------------------|---------------|---------------|-----------------|--------------|-------------|---------------|--------------|----------------|------------------------------|
| 2008 | 208 | 2,384 | 5 | 163 | 154 | 53 | 1 | 354 | 0:08:44 |
| 2009 | 211 | 3,157 | 4 | 180 | 138 | 43 | 1 | 310 | 0:08:36 |
| 2010 | 223 | 3,187 | 4 | 190 | 163 | 40 | 1 | 358 | 0:05:33 |
| 2011 (Thru Jul) | 154 | 2,400 | 2 | 131 | 123 | 30 | 2 | 241 | 0:06:52 |
| Total Calls | 796 | 11,128 | 15 | 664 | 578 | 166 | 5 | 1,263 | |

C. Park and Recreation Services

Cathedral City operates its own park department, which is overseen by a Parks and Recreation Commission. This Commission is advisory to the Council. The City currently owns and operates eight parks totaling approximately 45 acres, offering passive and active recreational opportunities. This equates to approximately .9 acres of parkland per 1,000 residents. The City’s policy goal, as stated in it’s General Plan, is to have three acres of parkland for every 1,000 city residents. Both the City’s General Plan and Park and Recreation Master Plan also refer to a standards established by the National Recreation and Park Association for community parks (five acres per 1,000 residents) and neighborhood parks (one acre per 1,000 residents). These standards are perhaps seen as ideals to achieve rather than policy standards. Park locations, amenities, and information on privately offered recreational activities can be found on the City’s website. The website also includes a park permit application and park use policies. The City no longer provides recreation programs directly. Recreation programs were cut as a result of voters repealing the subsidiary CSD tax in 1999.

In order to maximize service and the utility of its facilities with limited funding, the City has partnered with various community groups to perform maintenance for the benefit of the community. AYSO performs maintenance of the City’s newest and largest park, the 17 acre Soccer Park. Additionally, Cathedral City Little League assists with Maintenance of the 2.75 acre Second Street Park, near City Hall.

The Thousand Palms area has a single community park operated by the Desert Recreation District. The eight acre Thousand Palms Community Center and Park includes a multi-purpose room suitable for large meetings, lighted ballfields, a basketball court and picnic pavilions. The Thousand Palms Library is also located at this site.

The City’s Park and Recreation Master Plan concluded that “Cathedral City provides a limited number of existing parks with associated acreage that does not meet either locally authorized or nationally accepted space standards by population and distance factors.” It should be noted that past MSRs have shown that many or most cities in the County have had difficulty achieving their own local park acreage standard.

Table 8. Existing Cathedral City Parks

| Park | Acreage | Ballfield | Volleyball | Soccer | Play/tot lot | Basketball | Tennis | B.B.Q. | Tables/ Benches | Shade Structures | Passive only | Water Feature | Comments/ Other Amenities |
|---------------|---------|-----------|------------|--------|--------------|------------|--------|--------|--------------------|---------------------|--------------|------------------|---------------------------------|
| Agua Caliente | 6 | X | | | X | | | X | X | X | | | Closed during school hours |
| Century | 5 | X | | | X | | X | X | X | X | | | |
| Memorial | .13 | | | | | | | | | | X | | |
| Panorama | 7.5 | X | X | | X | X | X | X | X | X | | X | |
| Patriot | 6 | | | | | | | X | | X | | | |
| Second St. | 2.75 | X | X | | X | | X | | X | X | | | |
| Soccer | 17 | | | X | | | | | | | | | Fitness track/ equipment |
| Town Square | 1.17 | | | | | | | | X | X | | X | Adjacent to City Hall |

The City has acquired a significant amount of land for future park development. The City owns five sites totaling nearly 130 acres in various parts of the City. Development of these sites would go a long way in meeting the park acreage objective of the future population of the City. The table below summarizes the undeveloped parkland owned by the City. The City has received a grant for design and construct of a Whitewater neighborhood park site. Completion is anticipated in the Spring of 2013. It should be noted that none of the currently owned sites are north of Interstate 10. It is assumed that Quimby Act dedications and in-lieu fees associated with development north of the freeway will be utilized for park development in that area. It should be further recognized that current City plans do not account for the park needs of the proposed sphere expansion into Thousand Palms.

Table 9. Acquired Future Park Sites

| LOCATION | AMOUNT |
|--|---------------------|
| 1. Next to the Salvation Army building on Landau | 12.49 acres |
| 2. In the Whitewater neighborhood | 5.05 acres |
| 3. Railroad track area north end of town | 19.31 acres |
| 4. Adjacent to Rancho Mirage | 26.44 acres |
| 5. Western part of Cove | 65.93 acres |
| Total | 129.22 acres |

Solid Waste

Cathedral City has a franchise agreement with Burrtec Industries to provide solid waste collection and disposal services to residential and commercial properties. Residential service is provided once a week. Customers are provided with bins for trash, recyclables, and green waste. The City, in conjunction with Burrtec, the County or other entities offers or promotes a multitude of refuse management recycling activities. These services are described in the City’s 26 page Refuse and Recycling Guide available on the City’s website. In addition to the regular residential services listed above, Burrtec also offers residents bulky items and used motor oil pickup. Other programs include household hazardous waste drop-off and e-waste and tire recycling.

D. Road Maintenance

The City’s Public Maintenance Division is responsible for maintaining city streets, including repair, signal maintenance, signage, striping and street sweeping. The City recently developed a five-year street maintenance program that works off of a five-year revolving Road Conditions Survey. Specific maintenance and repair activities in the program include slurry and crack seal, cap pave/resurfacing, rehabilitation and inverted siphons, if necessary to resolve drainage issues. The City accomplishes as much as it can within budgetary limitations. In recognition of fiscal realities, the Public Maintenance Division has set a goal of completing 80 percent of the 5-year street maintenance plan. In addition, as part of its five-year plan, the City is planning reconstruction of a two-mile segment of Ramon Rd., from Landau Blvd. to DaVall Dr. and rehabilitation of a portion of East Palm Canyon Dr. from the western City limits to Perez Rd.

The Cities of Palm Springs and Cathedral City have partnered on two facilities near their common boundary, specifically graffiti removal on the Dinah Shore and Ramon Road bridges over the Whitewater River Channel. Cathedral City purchases the materials and Palm Springs performs the labor.

E. Library Services

The City does not provide library services directly; it is part of the Riverside County Library System. The Cathedral City Library is located at 33520 Date Palm Drive. The library encompasses 20,000 square feet.

The Cathedral City Library contains approximately 82,000 volumes, is staffed by 4 full-time employees, 6 part-time employees, and approximately 20 volunteers. The library is open six days a week as follows:

Table 10. Library Hours

| | |
|---------------------------|----------|
| Mon., Tues., Thurs., Sat. | 10am-6pm |
| Wed. | 12pm-8pm |
| Sun. | 1pm-5pm |

F. Animal Control

The City contracts with the Riverside County Department of Animal Services for animal control and shelter services. Services include licensing, spaying and neutering of pets, shelter for lost or abandoned pets, and attending to nuisance issues. Field services are provided from the Coachella Valley Animal Campus, located in Thousand Palms. The Animal Campus houses the Animal Shelter and an adoption center operated by Animal Samaritans.

V. Sphere of Influence

The Commission’s review of a previous expansion request to add 4,100 acres to the City’s SOI spanned over two years. The amendment was approved in January 2011 based, in part, on the City’s commitment to request inclusion of the entirety of the Thousand Palms Community with the SOI. A complete

application for the follow-up sphere amendment has been submitted. This MSR is intended to assist in the review of that request.

VI. MSR Determinations

(1) Growth and population projections for the affected area.

Cathedral City uses the County of Riverside Center for Demographic Research population, housing and employment projections for planning purposes. Projections indicate the City can expect approximately 14,000 additional residents by 2035. Much of this growth will occur north of Interstate 10 in the North City Specific Plan area. These projections only account for territory within the current corporate boundaries. Potential growth in the City's current SOI or within the proposed Thousand Palms SOI expansion area is not included within these projections. The current SOI area is uninhabited. The existing community of Thousand Palms has approximately 7,700 inhabitants. No projections are available for these areas.

(2) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

The Cathedral City sphere expansion includes the entirety of the Thousand Palms area, where regional County of Riverside facilities are currently located. Cathedral City is a full service city which maintains its own police, fire, planning, parks and engineering services. The City continues to provide adequate services within its boundaries. However, the City's existing facilities and personnel will be inadequate to serve the proposed SOI area, if annexed. The core City service area is located south of I-10 and a few miles west of Thousand Palms. Ultimate annexation of the Thousand Palms area will require an unprecedented expansion of City services. This will require careful planning and discussion with other agencies, such as the County, in order to provide Thousand Palms with an adequate level of services at a reasonable cost to the City. This is particularly true of fire protection services, where a change in service responsibility could impact service provision within the Cities of Rancho Mirage and Palm Desert, as well as unincorporated areas. Solutions might involve service contracts between the City and the County. This issue must be resolved prior to any future annexations.

(3) Financial ability of agencies to provide services.

Not unlike most local public agencies across the State and within this County, revenues to Cathedral City have been reduced substantially over the last several years. The City has minimized impacts to services by using one-time revenues, transfers and drawdown of its reserves to balance its general fund budgets. Voters have also approved both temporary and permanent taxes to bolster services. This strategy has been employed to "buy time" while the economy and local government revenues recover. The City's fund balance is expected to be at minimal levels by the end of 2011-12. It is suggested that the City wait until revenue levels return and stabilize before taking on new significant service obligations.

An additional consideration is the impact of SB 89 on inhabited annexations. Prior to July 1, 2011, an annexing city received Vehicle License Fee revenue of approximately \$50 per capita for annexed areas. SB 89 redirected all city VLF revenue, including any prospective amounts that would have accrued to cities as a result of annexation, to law enforcement grants. In almost all cases, the potential amount of the grants is a fraction of the prior VLF allocations.

(4) Status of, and opportunities for, shared facilities.

The City has taken advantage of several opportunities to partner with other public and private entities. Joint ventures with the City of Palm Springs include a SWAT Team and graffiti abatement. The City has partnered with local private recreational organizations to maintain park facilities. The City contracts with the County for Animal Control and Shelter services, achieving economies of scale through this regionally provided service. Similarly, the City has remained part of the County-wide

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Library System. The City should evaluate whether annexation to the Desert Recreation District would expand recreational opportunities for residents. Also, as mentioned previously, cooperative arrangements, including service contracts, should be explored with the County Fire Department prior to annexations in the Thousand Palms area. This will be necessary to ensure adequate and equitable fire protection service across the region.

(5) Accountability for community service needs, including governmental structure and operational efficiencies.

The City has received multiple awards from the Government Finance Officers Association for its Comprehensive Annual Financial Reports (CAFR) and its Biennial Budget. The CAFR includes the Independent Auditor's Report. Financial documents are informative and readable. Current and past financial documents are easy to locate on the City's website. An abundance of other documents from every area of City government is readily available on the website, including a variety of applications and other forms. The website also includes a calendar of events and public meeting, including agendas for meetings of the Council and City Commissions. Various commissions and committees offer opportunities for public participation in the City decision-making process.

(6) Any other matter related to effective or efficient service delivery, as required by Commission policy.

The areas north of the freeway, within the City's existing boundaries, as well as the existing and proposed SOI, represent both an opportunity for diversification of the City's economic base and a great service challenge. With continued planning, communication with affected communities of interest and future coordination with adjacent service providers, this new area of growth could be an asset to the City and its current and future residents.