

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

**SAN BERNARDINO CITY COUNCIL CHAMBERS
300 NORTH D STREET, FIRST FLOOR, SAN BERNARDINO**

REGULAR MEETING OF SEPTEMBER 16, 2015

9:00 A.M. – CALL TO ORDER – FLAG SALUTE

ANNOUNCEMENT: Anyone present at the hearing who is involved with any of the changes of organization to be considered and who has made a contribution of more than \$250 in the past twelve (12) months to any member of the Commission will be asked to state for the record the Commission member to whom the contribution has been made and the matter of consideration with which they are involved.

CONSENT ITEMS:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of August 19, 2015
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Months of July and August 2015 and Note Cash Receipts
4. Consideration of Fee Reduction Request by the Twentynine Palms Water District for its Reorganization Proposal to Annex its Territory to the San Bernardino County Fire Protection District and Divest the District of Fire Powers
5. Consideration of Fee Reduction Request by the Hesperia Fire Protection District for its Reorganization Proposal to Annex its Territory to the San Bernardino County Fire Protection District and Dissolve the Fire Protection District
6. Review and Approve Consultant Contract with Bob Aldrich to Provide Supplemental Staffing During FY 2015-16

PUBLIC HEARING ITEMS:

7. Consent Items Deferred for Discussion
8. Consideration of: (1) CEQA Statutory Exemption for LAFCO 3192; and (2) LAFCO 3192 -- Sphere of Influence Amendment for the Chino Basin Water Conservation District to include possible expansion or reduction of sphere of influence

DISCUSSION ITEMS:

9. LAFCO Staff Request Regarding Service Review Required by the Proposed Sphere of Influence Amendments for the San Bernardino County Fire Protection District

INFORMATION ITEMS:

10. Legislative Update Report
11. Executive Officer's Report:
12. Commissioner Comments
(This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.)
13. Comments from the Public
(By Commission policy, the public comment period is limited to five minutes per person for comments related to items under the jurisdiction of LAFCO.)

The Commission may adjourn for lunch from 12:00 to 1:30 p.m. The Commission may take action on any item listed in this Agenda whether or not it is listed For Action. In its deliberations, the Commission may make appropriate changes incidental to the above-listed proposals.

Materials related to an item on this Agenda submitted to the Commission or prepared after distribution of the agenda packet will be available for public inspection in the LAFCO office at 215 N. D St., Suite 204, San Bernardino, during normal business hours, on the LAFCO website at www.sbclafco.org, and at the hearing.

Current law and Commission policy require the publishing of staff reports prior to the public hearing. These reports contain technical findings, comments, and recommendations of staff. The staff recommendation may be accepted or rejected by the Commission after its own analysis and consideration of public testimony.

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE ABOVE PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE LOCAL AGENCY FORMATION COMMISSION AT, OR PRIOR TO, THE PUBLIC HEARING.

The Political Reform Act requires the disclosure of expenditures for political purposes related to a change of organization or reorganization proposal which has been submitted to the Commission, and contributions in support of or in opposition to such measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures presented to the electorate (Government Code Section 56700.1). Questions regarding this should be directed to the Fair Political Practices Commission at www.fppc.ca.gov or at 1-866-ASK-FPPC (1-866-275-3772).

A person with a disability may contact the LAFCO office at (909) 388-0480 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

**DRAFT - ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF AUGUST 19, 2015**

REGULAR MEETING

9:00 A.M.

AUGUST 19, 2015

PRESENT:

COMMISSIONERS:	Jim Bagley	Larry McCallon
	Kimberly Cox, Vice-Chair	James Ramos
	James Curatalo, Chair	Acquanetta Warren, Alternate
	Steve Farrell, Alternate	Diane Williams
	Robert Lovingood	

STAFF:

Kathleen Rollings-McDonald, Executive Officer
Clark Alsop, LAFCO Legal Counsel
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, Project Manager
Rebecca Lowery, Clerk to the Commission

ABSENT:

COMMISSIONERS:	Janice Rutherford, Alternate	Sunil Sethi, Alternate
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9:06 A.M. – CALL TO ORDER – FLAG SALUTE

CONSENT ITEMS – APPROVE STAFF RECOMMENDATION:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of July 15, 2015
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Month of July 2015 and Note Cash Receipts **(TO BE CONTINUED TO THE SEPTEMBER 16, 2015 HEARING)**
4. Consideration of Fee Reduction Request by the City of Big Bear Lake for its Reorganization Proposal to Annex its Non-Contiguous Municipally Owned Parcels

LAFCO considered the items listed under its consent calendar, which includes a Visa Justification, the Executive Officer's expense report; the continuation of the ratification of payments as reconciled for the month of July, and the Consideration of the Fee Reduction

Request by the City of Big Bear Lake. Copies of each report are on file in the LAFCO office and are made part of the record by their reference herein.

Commissioner McCallon moves approval of the consent calendar, second by Commissioner Ramos. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None.

(it is noted that Commissioner Warren arrives at the dais.)

PUBLIC HEARING ITEMS:

ITEM 5. CONSENT ITEMS DEFERRED FOR DISCUSSION

No items deferred for discussion.

ITEM 6. CONSIDERATION OF : (1) CEQA STATUTORY EXEMPTION FOR AMENDMENTS TO POLICY AND PROCEDURE MANUAL; AND (2) REVIEW AND ADOPTION OF AMENDMENTS TO LAFCO POLICY AND PROCEDURE MANUAL INCLUDING, BUT NOT LIMITED TO: a.) MISSION STATEMENT AND COMMISSION OPERATIONS; b.) ACCOUNTING AND FINANCIAL POLICIES – CHANGES RELATED TO COUNTY CODE CHANGES; c.) HUMAN RESOURCES POLICIES AND PROCEDURES -- CHANGES RELATED TO COUNTY CODE CHANGES AND TITLES; d.) APPLICATION/PROJECT PROCESSING; e.) ENVIRONMENTAL GUIDELINES, POLICIES, AND PROCEDURES; f.) SPECIAL DISTRICT REPRESENTATION RULES AND REGULATIONS; g.) FORMS

Executive Officer Kathleen Rollings-McDonald presents the staff report for the proposed amendments to the LAFCO Policy and Procedure Manual, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. She says that at the June 2012 Commission hearing, the LAFCO Policy and Procedure Manual was reorganized and updated and established an annual review of the Manual be conducted in August or September. She says that staff has prepared a report with the Manual items for update and amendment.

Ms. McDonald says that the Introduction of the Manual has been updated to reflect the proposed changes in this report. She notes that the Introduction does not contain any policies and is a general description of the Manual's history and contents.

Ms. McDonald says that in the Mission Statement and Commission Operations section, Chapter 2, Organization, is amended to clearly identify the policy of the Commission for the Recruitment of the public member. She says that Chapter 3, Rule of Order is amended to designate "Chair" and "Vice-Chair" throughout the rules; Rule 2 is amended to eliminate the term limit provision and Rule 12 is amended to include language to clarify that all members of the Commission are encouraged to participate in the closed section, as per current Commission practice.

Ms. McDonald says that in the Accounting and Financial section, Chapter 1, Internal Operations, the annual audit policy is amended to read that the independent auditor shall be changed every

five years rather than three years. She says that expense reimbursement and travel policy is amended to reflect the changes approved by the County which are deemed to be non-substantive and non-controversial; and that for the Disclosure of LAFCO Compensation and Budget policy has been amended to state that the Commission's most recent audit will be posted on the website for general public information. She says that in Chapter 2, Application Processing, the Indemnification policy is retitled to clearly identify it as indemnification and to clarify that the applicant and/or real part in interest indemnifies LAFCO upon submission of an application for a change of organization or reorganization, a sphere of influence amendment or a review of an out-of-agency service contract/agreement.

Ms. McDonald says that in the Human Resources section, the proposed structural change consolidates the Benefits Plan into the Human Resource Policies and Procedures, the language of the "scope" is redundant with the policy and is removed through this update. She says that the update to the LAFCO Policy and Procedure Manual also includes amendments to reflect statutory and regulatory changes for payroll and labor as reflected in the County's updated Exempt Compensation Ordinance and County Code. She says that these changes are deemed to be non-controversial.

Ms. McDonald says that in the Human Resources section, Chapter 2, Employment, the LAFCO Analyst position is changed to reflect the accurate title and corresponding revision to its salary range.

Ms. McDonald says that in the Human Resources section, Chapter 5, Benefits Plan, the medical and dental subsidies is significantly reorganized and updated to be consistent with current administration of medical and dental coverage and current law; however, no substantive changes made to the benefits. She says that for insurance and benefits, the language has been updated to be consistent with the current administration of these benefits: Term Life, Voluntary Life, Variable Life, Short-Term Disability, Long-Term Disability, Accidental Death and Dismemberment, Dependent Care Assistance Plan, Flexible Spending Account, Vision Care and for the Premium Conversion Plan, it has been placed as its own policy, minor updates to be consistent with the law and current administration of this benefit.

Ms. McDonald says that for the retirement policy, the changes relate to outdated language and other minor updates which are amended to be consistent with the California Public Employees' Pension Reform Act of 2013 and that in the retirement medical trust section it is established that at separation from LAFCO for reasons other than death, all sick leave goes to the Retirement Medical Trust, and other minor updates of the section.

Ms. McDonald says that for Application Processing, changes to this section include the removal of redundant environmental language that is currently covered in Section V (Environmental Review); removes outdated language, removes statutory recitations, and also includes clarification of procedure from policy, updates due to minor changes in statute, and other non-substantive and non-controversial changes.

Ms. McDonald says that for Environmental Review, changes to the section includes updates and changes to the environmental review process that was adopted by the Commission in 2012, and that the amendments to this section are non-substantive, which include, but are not limited

to, revisions that primarily reflect existing and new statutory changes for implementing CEQA and some minor reformatting to be consistent with the entire Manual.

Ms. McDonald says that in the Special Districts section, non-substantive changes include removal of outdated policies which includes the "Authorization" policy, the rescinding of the "Special Districts Association" policy, and the Rescinding of the Inventory of Special Districts Services" and "Establishment of Existing Functions and Services" policies. Ms. McDonald notes that some of the language has been placed in the new introduction section of this section of the manual.

Ms. McDonald says that in the Forms section, the forms have been reformatted and include non-substantive changes which include a revision to the indemnification language, as proposed as a part of the amendment to Chapter IV – Application Processing, which is part of the Certification on the following forms: Application and Preliminary Environmental description Form, Supplement – Annexation, Detachment, Reorganization Proposals, Supplement – Sphere of Influence Amendment, Supplement – Formation of a Special District, Supplement – Special District: Services – Activation or Divestiture, Application for Extension of Service by Contract.

Ms. McDonald reviews staff recommendations to certify that the proposed revisions and amendments to the Policy and Procedure Manual are statutorily exempt from the provisions of the CEQA and requests that the Commission adopt the Policy and Procedure Manual, as revised, by the adoption of Resolution No. 3202 and to direct staff to make the Manual available on the Commission's website.

Commissioner Warren asks if the forms will also be made available on the website. Ms. McDonald says that they will be.

Chairman Curatalo says that the changes clean-up and refine the Policy and Procedure Manual.

Commissioner Bagley comments regarding the term changes for the Chairman and Vice-Chairman and says that it is important to maintain the rotation for historical and leadership benefit.

Ms. McDonald says that the policy was proposed for amendment to allow the Commission to choose leadership without restrictions. Commissioner Bagley says that it is important to develop future leaders and term limits does provide for that. Commissioner Lovingood says that the experienced leadership of the Commission is important and that if the leadership should grow stagnant or ineffective, that the Commission would move to change leadership.

Commissioner Lovingood moves approval of the revised policy and procedure manual, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None.

DISCUSSION ITEMS:

ITEM 7 STATUS REPORT ON LAFCO 3176 -- SPECIAL STUDY FOR YERMO,

DAGGETT AND NEWBERRY COMMUNITY SERVICES DISTRICTS

Project Manager Michael Tuerpe presents the staff report for the status report for the Special Study for Yermo, Daggett and Newberry Community Service Districts, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. He says that at the January hearing the Commission considered the special study of the Daggett, Newberry, and Yermo Community Service Districts. He says that the Commission determined that the districts were not in compliance with the requirements previously requested by the Commission and detailed in the staff report, and that the Commission directed staff to continue to monitor progress to rectify the problems and update the Commission every six months until all of the items of concern are satisfied.

Mr. Tuerpe says that the outstanding issues are detailed in the staff report. He says that all three districts are to adopt and annually review reserve policies pursuant to Community Services District Law Section 61112 and that as of the date of the report, Daggett and Yermo have not provided staff with the information on this statutory requirement and that Newberry has indicated the adoption of its reserve policies scheduled to its August 25 meeting.

Mr. Tuerpe says that all three districts are required to forward a copy of the final budget to the County Auditor pursuant to Community Service District Law Section 61110. He says that Newberry has completed this statutory requirement and has indicated that it will continue to adhere to it; Daggett has placed adoption of its FY 2015-16 budget for its August 12, 2015 meeting, and has indicated that they will provide a copy to LAFCO and the County Auditor following approval and that as of the date of the staff report Yermo has not provided information on this statutory requirement.

Mr. Tuerpe says that all three districts are required to adopt an annual appropriations limit by resolution authorizing the expenditure of the proceeds of taxes and review the annual calculation as a part of the annual financial audit, pursuant to Article XIIB of the State Constitution, which is further acknowledged by Community Services District Law Section 61113. He says that Daggett adopted its annual appropriation limit by resolution at the district's June 26, 2015 hearing; he says that Newberry adopted its annual appropriations limit by resolution at the district's June 23, 2015 hearing and that both districts are aware of the requirement to review the annual calculation as a part of the annual financial audit. He says that as of the date of the report, Yermo has not provided information on this constitutional requirement.

Mr. Tuerpe says that recommendation #5 from the 2012-13 Grand Jury Report reads for Newberry CSD to: " Work with the Board, County Auditor, and utilize resources such as the California Special Districts Association to develop a basic accounting manual". He says that Newberry CSD formally approved its accounting procedures at its February 24, 2015 meeting

Mr. Tuerpe says that staff was directed to continue to work with the County to address and formalize a lease arrangement or title transfer for the Daggett Community Center. He says a draft contract between the County and the District was reviewed and approved by HUD funding, and the concerns about the use of the facility, insurance, maintenance, etc., need to be resolved to eliminate risk and the potential financial obligation to the County. He says that the contract is to be signed by Daggett CSD, then submitted to the County Board for final approval. He says

that pursuant to HUD's direction, the contract will state that the County will record a lien on the property for five years with Daggett CSD continuing maintenance and operation during that term. He says that during this time the County will still be exposed to risk and that following the five-year term, the title and risk will transfer to Daggett CSD if it meets the conditions of the contract.

Mr. Tuerpe says that Daggett CSD is to provide the Commission with a copy of all future water quality information provided to the public, to include water quality control reports, occurrences of contamination, and boil water orders through the initiation of the second cycle North Desert Service Reviews. He says that LAFCO staff confirmed with county Environmental Health Services that there has been no occurrences of contamination or boil water orders since January 2015.

Mr. Tuerpe says that Daggett is required to adopt an annual budget that conforms to generally accepted accounting and budgeting procedures by September 1 of each year at a noticed hearing pursuant to Community Services District Law Section 61110, and that failure to comply with this requirement will necessitate further action by the Commission to resolve the issue. He says that Daggett CSD has placed the adoption of its FY 2015-16 budget for approval on its August agenda. He says that Daggett's audits were not originally included as a monitoring item, however, the LAFCO has requested but not received Daggett's FY 2012-13 and FY 2013-14 audits; completion of annual audits are a requirement of CSD Law Section 61118 and that at the next scheduled status report in February 2016, if satisfactory progress to complete the overdue audits in not meet, LAFCO staff will recommend that the Commission request the County Auditor to either make or contract for the audits pursuant to Government Code Section 26909.

Mr. Tuerpe says that LAFCO has received an unsigned letter regarding public records and other items of concern in the Newberry CSD from two unnamed board members and that a copy of the letter has been provided to the Commissioners and will be provided to the District.

Mr. Tuerpe says that all three districts have at least one outstanding statutory compliance requirement and that LAFCO staff will continue to provide assistance to the districts as requested to help achieve compliance. He says that the next status report is scheduled for February 2016 and asks the Commission to note receipt of the status report and file.

Executive Officer Kathleen Rollings-McDonald says that staff is concerned that Daggett is adopting their first budget since 1995 without the benefit of an audit and she also says that a copy of the letter of complaint regarding Newberry CSD has been forwarded to the Grand Jury.

Commissioner Cox asks what services Daggett CSD provides. Mr. Tuerpe says that they provide fire, streetlighting, park and recreation, and water services. Ms. Cox asks if Daggett's water services should be required to merge with one of the other district water services, would the remaining services be viable. Mr. Tuerpe say that the water functions at Daggett CSD are a business function and should not impact the government side of the district's functions. Executive Officer Kathleen Rollings-McDonald says that the water function of the district does support the administrative areas of the district, so it could be an issue in this case.

Commissioner Lovingood says that his district office continues to be involved in the monitoring

of all the CSDs and asks if staff is receiving the requested documents from the district. Commissioner Lovingood states that his office was informed that there had been an issue with missing information and document in the Yermo CSD business office, which has been resolved and ask that his office be kept informed of any additional information regarding the district is needed.

Commissioner Bagley says that it is disappointing to hear that the required documentation is not being provided and the basic requirements are not being met, and that as a public agency, they should comply with the basics such as a budget and have the basic financial knowledge to prepare a budget and to have an audit. He says that the lack of the basic financial documents does raise red flags and perhaps the grand jury should be brought in again and that it raises concern on accountably. He says that if these issue continue and are again brought forth during the next municipal service review that perhaps consolidation should be considered in more detail.

Ms. McDonald says that transparency in government is essential and that constituents have a right to know how their monies are being used by the agencies that are charged to provide services to them. She says that the budget is used to state how an agency intends to use their funds and the audit is to state how the funds were spent and that it is important to have both. She says that staff will continue to assist these small districts to achieve that goal of transparency and accountability.

Commissioner Lovingood says that it is important that the constituents are informed of how their money is being spent and that that basic information seems to be lacking in some areas and that by informing the constituents, it will give them the information they need to make decisions on who they want to manage their municipal services and that he supports staff efforts on this issue.

Commissioner Ramos says that it is the responsibility of the Commission to continue to monitor districts and keep the grand jury aware as needed, but that the responsibility also belongs to the CSD to do what is in the best interest of the constituents and that the constituents also have a responsibility to remain informed and elect those who will best service the needs of the districts and the people it serves. Ms. McDonald says that the potential for consolidation has very specific criteria and will be an arduous task for a district to take on.

Commissioner McCallon says that he agrees with the comments regarding the need for a budget and that he is concerned with the lack of an audit to show how monies are being spent and that staff should focus on gathering those audits. Ms. McDonald says that staff agrees and is working to that end.

Commissioner Farrell asks for clarification on SB 88, the water system consolidations to which Ms. McDonald says that this is a new mandate and that the State Water Board will make the determinations on this and LAFCO will be responsible for the follow up and that it is currently a broad approach to fix water issues.

Commissioner Cox moves to receive and file the Status Report, second by Commissioner Lovingood. There being no opposition, the motion passes unanimously with the following roll

call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: None.

ITEM 8. STATUS REPORT ON RIM OF THE WORLD PARK AND RECREATION DISTRICT

Project Manager Michael Tuerpe presents the staff report for the Status update for the Rim of the World Recreation and Park District, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. He says that at the July 2010 hearing the Commission completed its service review for the Rim of the World Recreation and Park District and identified a number of financial issues which prompted the Commission to question the District's financial solvency at that time. He says that the District has satisfied all of the conditions that were outlined in the Commission's resolution from the service review and that many of the questions and concerns identified by the Commission have been addressed. However, at the March 2015 hearing the Commission determined that it would be prudent to continue to monitor the District for an additional year.

Mr. Tuerpe says that it is staff's view that the district still does not have a full understanding of governmental fund accounting and generally accepted governmental budgeting standards. He says that when staff reviewed the 2015-16 budget, revenues are budgeted at \$40,706 over expenditures, with this amount designated in the District's budget as "Contingency/Carryforward". However, Mr. Tuerpe notes that funds set aside for contingencies are not carry forward funds, although unused contingency funds do carry forward. He says that the District has possibly overreached by substantially increasing its reserve levels to the point that for 2015-16 Unassigned fund balance is 23% of Total Expenditures. He says that this may be an issue because the district does not receive its first proceeds of taxes until November. He says that the unassigned funds are necessary to operate the district until that time and that should an unexpected circumstance arise, then the committed reserves would have to be used through a Board of Directors action.

Mr. Tuerpe says that the district states the 2015-16 Reserve and Fund Balance figures are based on the final 2014-15 budget and not on actual figures for 2014-15 year-end. He says that the totals have been "Adjusted upward preliminarily by \$191,423" according to the background documents for the 2014-15 financial statements and that LAFCO staff questions why the district did not calculate the actual year-end figures during the recent 2015-16 budget formulation and that the need for an interim updated is unnecessarily being prepared.

Mr. Tuerpe says that the district has made significant strides; that staff will continue to monitor and provide feedback; and that with a few more improvements the district's financial documents should be readily understandable to the public. He says that the District's financial situation seems to be improving after years on unsure ground and that the district continues to improve on their financial reporting and that the continuing attention to its governance and financial issues will preclude the problems of the past. He states that the next status report is scheduled for the February 2016 hearing and that the Commission is to note receipt of the Status Report and file.

INFORMATION ITEMS:

ITEM 9 LEGISLATIVE UPDATE REPORT

Executive Officer Kathleen Rollings-McDonald presents the Legislative report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. Ms. Rollings-McDonald states that the report includes information regarding the current status of bills determined to be of importance to LAFCO by CALAFCO.

Ms. McDonald says that AB 851 (Mayes) disincorporations - is scheduled for its final hearing on the Senate floor, and then will go to the Assembly and finally to the Governor's office for signature. She says that the Commission will be sending a letter of support to the governor for his signing of this bill.

Ms. McDonald says that AB 402 (Dodd) establishes a pilot program for the Napa and San Bernardino Commissions that would permit them to authorize a city or district to provide services outside both its jurisdictional boundaries and its sphere of influence under specified circumstances. She says it is going to the Senate floor for final reading, however, the California Water Association has identified some concerns and that some of the items that the Water Association has requested cannot be supported by CALAFCO so staff is waiting for the outcome and to see what develops.

Ms. McDonald says that SB 88 is law and that SB 552 is a clean-up bill related to water consolidation in disadvantaged communities. She says that some changes to this bill need to be added and that it will be something to investigate in the upcoming year. She says that CALAFCO continues to work with the OPR, the Water Resources Control Board, the Governor office and others to try and develop this system and that she will continue to monitor and wait and see what develops and keep the Commission apprised.

Ms. McDonald says SB 239 (Hertzberg) is also on the assembly floor and that the bill is related to fire protection service and that she will continue to monitor and keep the Commission apprised as needed.

Commissioner Cox asks for a summary of AB 707 (Wood) which deals with the Williamson Act. Ms. McDonald says that it would provide that the authority for the landowner and the Department of Conservation to agree on the cancellation of value of the land does not apply to a contract between a landowner and a city or county if that contract includes an additional cancellation fee, as specified. Commissioner Cox asks that the current Williamson Act areas be put on an agenda for future review, discussion and information.

ITEM 10 EXECUTIVE OFFICER'S ORAL REPORT:

Executive Officer Kathleen Rollings-McDonald says that CALAFCO is moving away from the host model of the Annual Conference and that CALAFCO will be responsible for the planning and execution of the Annual Conference in an effort to alleviate the burden of staffing to the hosting LAFCO. She says that CALAFCO will be going forward to host the annual conferences rotating through the three preferred areas which are: Monterey, Sacramento and San Diego, and that an increase in registration fees will also be issued and more efforts for sponsorships will be made. She says that as noted in the report from CALAFCO, increasing requests from the Legislature to provide input on bills and so forth has brought to light the need to increase the CALAFCO Executive Director's working hours from 24 to 32 hours weekly with a corresponding increase in the dues. Ms. McDonald states that these are all efforts to move the association forward to provide a more professional operation and to provide for a more dynamic conference presentation. No questions or concerns expressed by Commission.

Ms. McDonald says the Commission has received the SANBAG update for the Draft San Bernardino Countywide Transportation Plan and that staff's concern on this project is the long-term sustainability and that staff will continue to work with the various agencies involved.

(It is noted that Commissioner McCallon leaves the dais)

Ms. McDonald says that staff has received information regarding the State auditor's office high risk local government audit program. She says the state auditor's office is conducting those audits and that staff will be looking at the final product to see if it will be useful to the Commission's Service Review.

Ms. McDonald says that notification has been sent regarding the Commission's annual audit and that staff is expecting several significant proposal in the near future related to fire service, that staff is moving forward with the service reviews and that staff anticipates next year to be a busy one.

(It is noted that Commissioner McCallon returns to the dais.)

ITEM 11 COMMISSIONER COMMENTS

Commissioner Curatalo says that CALAFCO is an active and busy organization and says that staff is very engaged with CALAFCO at the state level and that their participation is very helpful and needed to move legislation forward. He also thanks the Supervisor's for their support of this year's Annual Conference.

ITEM 12 COMMENTS FROM THE PUBLIC

No comments.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION THE HEARING IS ADJOURNED TO THE CALAFCO ANNUAL CONFERENCE IN SACRAMENTO – SEPTEMBER 2 THROUGH 4, 2015 AT 10:17 A.M.

ATTEST:

REBECCA LOWERY
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

JAMES CURATALO, Chairman

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: SEPTEMBER 9, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer



TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #2 – APPROVAL OF EXECUTIVE OFFICER’S
EXPENSE REPORT**

RECOMMENDATION:

Approve the Executive Officer’s Expense Report for Procurement Card Purchases and expense claim for August 2015 as presented.

BACKGROUND INFORMATION:

The Commission participates in the County of San Bernardino’s Procurement Card Program to supply the Executive Officer a credit card to provide for payment of routine official costs of Commission activities as authorized by LAFCO Policy #4(H). Staff has prepared an itemized report of purchases that covers the billing period of July 23, 2015 through August 24, 2015.

It is recommended that the Commission approve the Executive Officer’s expense report as shown on the attachments.

KRM/rcl

Attachments



COUNTY OF SAN BERNARDINO
PROCUREMENT CARD PROGRAM


Page 1 of 1

MONTHLY PROCUREMENT CARD PURCHASE REPORT

Card Number [REDACTED]		Cardholder Kathleen Rollings-McDonald				Billing Period 7/22/15 to 8/24/15	
Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	\$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
7-23	EB CALAFCO 2015	1	Ticket to CALAFCO EVENT	CALAFCO Annual Conf.	30.53	R	N
7-29	Paxata Inc	2	Software License	Data Preparation Software	3000.00	R	N
7-29	Thomas West	3	Monthly Payment	Law Library Updates	178.42	R	N
7-31	Advanced Copy Systems	4	Monthly Payment	Sharp Photo Copier	462.67	R	Y
8-03	Westin San Diego	5	Hotel – Rollings-McDonald	CALAFCO Board Meeting	204.03	R	Y
8-06	Dibs safe and Lock Service	6	Re-keying of Phone Closet	New Phone System Installation	53.60	R	Y
8-06	Sizzler Restaurant	7	Dinner – Rollings-McDonald	Meeting with 29 Palms Water/FPD	30.22	R	N
8-10	Southwest Airlines	8	Air Fare – Rollings-McDonald	CALAFCO Annual Conf.	196.50	R	N
8-10	Southwest Airlines	9	Air Fare – Samuel Martinez	CALAFCO Annual Conf.	219.49	R	N
8-10	Southwest Airlines	10	Air Fare – James Curatalo	CALAFCO Annual Conf.	196.50	R	N
8-10	Southwest Airlines	11	Air Fare – Steven Farrell	CALAFCO Annual Conf.	196.50	R	N
8-10	Advanced Copy Systems	12	Monthly Payment	Sharp Photo Copier	453.57	R	Y
8-11	Verizon	13	Payment	Phone line for alarm	83.00	R	N
8-13	Verizon	14	Payment	Phone line for alarm	129.60	R	N

8-24	Thomas West	15	Monthly Payment	Law Library Updates	178.42	R	N
8-24	Southwest Airlines	14	Air Fare – Steven Farrell	CALAFCO Annual Conf.	47.00	R	N
8-24	CA Planning & Development	15	Subscription Payment	Planning and Development Publication	238.00	R	N

The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.

Cardholder (Print & Sign)	Date
Kathleen Rollings-McDonald 	9-8-15

Approving Official (Print & Sign)	Date
James Curatalo, Chairman	9/16/15

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 885-8170
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : **SEPTEMBER 8, 2015**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

**SUBJECT: AGENDA ITEM #3 - RATIFY PAYMENTS AS RECONCILED FOR
MONTHS OF JULY AND AUGUST 2015 AND NOTE REVENUE
RECEIPTS**

RECOMMENDATION:

Ratify payments as reconciled for the months of July and August 2015 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments of deposits or other charges that cover the periods of July 1 through July 31, 2015 and August 1, 2015 through August 31, 2015.

During the month of August staff was notified of issues with the payment system at the Auditor Controllers' office. It was identified that some requests for warrant payments were duplicated. These errors have been resolved and the duplicated warrants have had stop payments issued.

Staff is recommending that the Commission ratify the payments for July and August 2015 outlined on the attached listings and note the revenues received.

KRM/rci

Attachment

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF AUGUST 2015 PAYMENTS PROCESSED

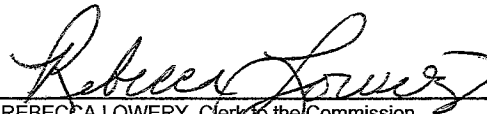
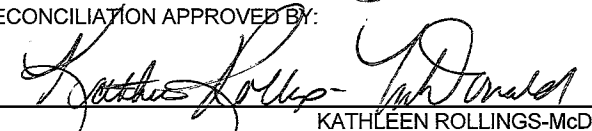
VOUCHER DOCUMENT ID	ACCOUNT	NAME	WARRANT NUMBER	WARRANT DATE	AMOUNT
PV8908403	2400	BEST BEST & KRIEGER	3254966	8/4/2015	\$ 2,195.65
PV8908404	2444	MJS ALARM	3255003	8/4/2015	\$ 18.00
PV8908405		ALL READY PROCESSED			
PV8908406	2445	CITY OF SAN BERNARDINO	3255054	8/5/2015	\$ 400.00
PV8908407	2085	DAILY JOURNAL	8699033	8/7/2015	\$ 616.00
PV8908408	2445/2940	JIM BAGLEY	8709142	8/24/2015	\$ 303.40
PV8908409	2445/2940	KIMBERLY COX	8709151	8/24/2015	\$ 262.10
PV8908410	2445/2940	JAMES CURATALO	8709139	8/24/2015	\$ 228.75
PV8908411	2445/2940	STEVEN FARRELL	8709225	8/24/2015	\$ 218.98
PV890841201	2445	ROBERT LOVINGOOD	8709206	8/24/2015	\$ 200.00
PV890841202	2445	JAMES RAMOS	8709140	8/24/2015	\$ 200.00
PV890841203	2445	LARRY McCALLON	8709159	8/24/2015	\$ 200.00
PV8908413	2445/2940	SUNIL SETHI	8709230	8/24/2015	\$ 229.90
PV8908414	2445/2940	ACQUANETTA WATTEN	8709072	8/24/2015	\$ 218.40
PV8908415	2445/2940	DIANE WILLIAMS	8709107	8/24/2015	\$ 229.90
PV8908416	2305	JOHN P SESSIONS GENERAL CONTRACTOR	8710007	8/25/2015	\$ 2,530.00
PV8908417	2444	MJS ALARM	3256528	8/24/2015	\$ 120.00
PV8908418	2905	INLAND EMPIRE PROPERTIES	3256576	8/24/2015	\$ 4,353.41
PV8908419	2424	TOM DODSON & ASSOCIATES	3256681	8/25/2015	\$ 85.00
PV8908420	1235	SPECIAL DISTRICTS RISK MANAGEMENT ASSOCIATION	8702389	8/13/2015	\$ 1,982.85
PV8908421-23		NOT YET PROCESSED			
PV8908424	2445	ALCOCK & McFADDEN EMPLOYMENT	8709959	8/25/2015	\$ 1,500.00
TOTAL					\$ 16,092.34

MONTH OF AUGUST 2015 INTERNAL TRANSFERS PROCESSED

JVIB 01212037D	2037	JULY 2015 PHONE		8/21/2015	\$ 213.01
JVIB 01212038D	2038	JULY 2015 LONG DISTANCE		8/21/2015	\$ 10.56
JV890RT01983	2041	PAYMENT-PHONE BILL		8/14/2015	\$ 115.17
JV890RT01983	2080	PUBLICATION		8/14/2015	\$ 169.92
JVISDRT01355	2115	MICROSOFT RENEWAL		8/3/2015	\$ 1,164.36
JVISDRT01958	2115	SW MAINTENANCE		8/14/2015	\$ 300.00
JVCS 20150824066	2305	STAPLES SERVICE CHARGE		8/24/2015	\$ 11.79
JVCS 20150824066	2305	STAPLES SERVICE CHARGE		8/24/2015	\$ 82.17
JV890RT03087	2305	OFFICE EXPENSE		8/28/2015	\$ 59.63
JVCS 20150824066	5012	STAPLES SUPPLIES		8/24/2015	\$ 98.24
JVCS 20150824066	5012	STAPLES SUPPLIES		8/24/2015	\$ 684.77
JVATXRT01654	2308	CAL-CARD PAYMENT - JULY		8/6/2015	\$ 1,062.70
JVPURRT02115	2310	1ST CLASS PRESORT- MAIL		8/18/2015	\$ 144.65
JVPURRT02126	2310	INTER-OFFICE MAIL		8/18/2015	\$ 184.80
JVPURRT02130	2310	PACKAGING - MAIL		8/19/2015	\$ 194.81
JVPURRT02132	2310	PRESORT FLATS - MAIL		8/19/2015	\$ 72.17
JVIB 01212410AB	2410	JUL 2015 DATA PROC		8/21/2015	\$ 2.38
JVIB 01212410AF	2410	JUL 2015 DATA PROC		8/21/2015	\$ 166.12
JVIB 01212410E	2410	JUL 2015 DATA PROC		8/21/2015	\$ 58.08
JVIB 01212410P	2410	JUL 2015 DATA PROC		8/21/2015	\$ 151.94
JVIB 01212410T	2410	JUL 2015 DATA PROC		8/21/2015	\$ 59.17
JVIB 01212410X	2410	JUL 2015 DATA PROC		8/21/2015	\$ 168.14
JVIB 01212420J	2420	JULY 2015 ISD OTHER IT SERVICES		8/21/2015	\$ 58.44
JVIB 01212421F	2421	JULY 2015 ISD DIRECT		8/21/2015	\$ 727.12
JV890RT03010	2445	ROV FEES FOR LAFCO 3194 - INV 236		8/28/2015	\$ 179.37
JVIB 12172460B	2460	JUNE 2015 GEOGRAPH INFORMATION		8/18/2015	\$ 192.00
TOTAL					\$ 6,331.51

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF AUGUST 2015 CASH RECEIPTS					
DEPOSIT DOCUMENT ID	ACCOUNT	DESCRIPTION		DEPOSIT DATE	AMOUNT
CR890A01717	9655	GIMS FEES		8/12/2015	\$ 400.00
CR890A02484	9660	ENVIRONMENTAL		8/27/2015	\$ 50.00
CR890A01717	9800	LAFCO FEES		8/12/2015	\$ 1,000.00
CR890A02484	9800	LAFCO FEES		8/27/2015	\$ 450.00
TOTAL					\$ 1,900.00
MONTH OF AUGUST 2015 INTERNAL TRANSFERS RECEIVED					
TRANSFER DOCUMENT ID	ACCOUNT	NAME		TRANSFER DATE	AMOUNT
CRATXA01426	8842	CITY OF NEEDLES		8/5/2015	\$ 938.63
CRATXA01426	8842	CITY OF RIALTO		8/5/2015	\$ 12,869.68
CRATXA01594	8842	WEST VALLEY WATER DISTRICT		8/7/2015	\$ 10,000.00
CRATXA01594	8842	BIGHORN-DESERT VIEW WATER AGENCY		8/7/2015	\$ 391.74
CRATXA01594	8842	BIG RIVER CSD		8/7/2015	\$ 46.26
CRATXA01611	8842	CITY OF MONTCLAIR		8/10/2015	\$ 5,612.64
CRATXA01794	8842	JOSHUA BASIN WATER DISTRICT		8/12/2015	\$ 10,000.00
CRATXA01794	8842	CHINO VALLEY INDEPENDENT FIRE DISTRICT		8/12/2015	\$ 20,000.00
CRATXA01795	8842	CITY OF GRAND TERRACE		8/12/2015	\$ 1,162.11
CRATXA01843	8842	HELENDALE CSD		8/13/2015	\$ 782.88
CRATXA01843	8842	MOJAVE WATER AGENCY		8/13/2015	\$ 20,000.00
CRATXA01888	8842	CITY OF CHINO		8/14/2015	\$ 15,814.21
CRATXA01988	8842	CITY OF ADELANTO		8/18/2015	\$ 2,064.89
CRATXA01988	8842	CITY OF RANCHO CUCAMONGA		8/18/2015	\$ 23,258.33
CRATXA01988	8842	HI-DESERT MEMORIAL HEALTHCARE DISTRICT		8/18/2015	\$ 1,500.00
CRATXA02263	8842	JUNIPER RIVIERA COUNTY WATER DISTRICT		8/21/2015	\$ 71.85
CRATXA02264	8842	TWENTYNINE PALMS WATER DISTRICT		8/21/2015	\$ 10,000.00
JV725RT0253	8842	BARSTOW CEMETERY DISTRICT		8/21/2015	\$ 85.12
CRATXA02286	8842	APPLE VALLEY FOOTHILL COUNTY WATER DISTRICT		8/24/2015	\$ 37.98
CRATXA02370	8842	SAN BERNARDINO MOUNTAINS COMMUNITY HOSPITAL		8/25/2015	\$ 1,500.00
CRATXA02410	8842	WEST VALLEY MOSQUITO AND VECTOR CONTROL DISTRICT		8/26/2015	\$ 663.38
CRATXA02410	8842	CUCAMONGA VALLEY WATER DISTRICT		8/26/2015	\$ 30,000.00
CRATXA02411	8842	CITY OF BARSTOW		8/26/2015	\$ 4,255.91
JV600RT02410	9555	REIMBURSEMENT OF LEGAL FEES - LAFCO 3186		8/19/2015	\$ 1,778.76
TOTAL					\$ 172,834.37

 REBECCA LOWERY, Clerk to the Commission	9/9/2015 DATE
RECONCILIATION APPROVED BY:	
 KATHLEEN ROLLINGS-McDONALD, Executive Officer	9/9/2015 DATE

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF JULY 2015 PAYMENTS PROCESSED					
VOUCHER DOCUMENT ID	ACCOUNT	NAME	WARRANT NUMBER	WARRANT DATE	AMOUNT
PV8908379	2305	DAISY IT	3252848	7/2/15	\$ 616.75
PV8908380	2305	CROWN PRINTERS	8679939	7/2/15	\$ 86.73
PV8908381	2085	CNSB (newspaper noticing)	8681557	7/2/15	\$ 2,209.62
PV8908382	2445/2940	JIM BAGLEY	8680085	7/2/15	\$ 303.40
PV8908382	2445/2940	JIM BAGLEY - THIS WARRANT CANCELLED	8681743	7/6/15	\$ 303.40
PV8908383	2445/2940	KIMBERLY COX - THIS WARRANT CANCELLED	8681775	7/6/15	\$ 262.10
PV8908383	2445/2940	KIMBERLY COX	8680117	7/2/15	\$ 252.10
PV8908384	2445/2940	JAMES CURATALO	8680080	7/2/15	\$ 428.75
PV8908384	2445/2940	JAMES CURATALO - THIS WARRANT CANCELLED	8681736	7/6/15	\$ 428.75
PV8908385	2445/2940	STEVEN FARRELL	8680674	7/2/15	\$ 218.98
PV890838601	2445	ROBERT LOVINGOOD	8680427	7/2/15	\$ 200.00
PV890838601	2445	ROBERT LOVINGOOD - THIS WARRANT CANCELLED	8685427	7/10/15	\$ 200.00
PV890838602	2445	JAMES RAMOS	8680081	7/2/15	\$ 200.00
PV890838602	2445	JAMES RAMOS - THIS WARRANT CANCELLED	8681738	7/6/15	\$ 200.00
PV890838603	2445	LARRY MCCALLON	8680130	7/2/15	\$ 200.00
PV8908387	2445/2940	SUNIL SETHI	8680513	7/2/15	\$ 229.90
PV8908388	2445/2940	ACQUANETTA WARREN	8679762	7/2/15	\$ 218.40
PV8908389	2445/2940	DIANE WILLIAMS	8679978	7/2/15	\$ 229.90
PV8908390		ALL READY PROCESSED			
PV8908391	9910	JENSEN PRECAST	8680204	7/2/15	\$ 30.00
PV8908392	2085	DAILY JOURNAL	8681557	7/2/15	\$ 616.00
PV8908393	2445	CITY OF SAN BERNARDINO	8679911	7/2/15	\$ 300.00
PV8908394	2400	BEST BEST AND KRIEGER	3252808	7/2/15	\$ 8,796.87
PV8908395	2445	ROSENOW SPEVACEK GROUP INC	8680432	7/2/15	\$ 250.00
PV8908395	2445	ROSENOW SPEVACEK GROUP INC - THIS WARRANT CANCELLED	8685433	7/10/15	\$ 250.00
PV8908396	2424	TOM DODSON & ASSOCIATES	3253106	7/6/15	\$ 425.00
PV8908397	2449	CULANTUONO & LEVIN, PC	8692760	7/28/15	\$ 2,322.00
PV8908398	2905	INLAND EMPIRE PROPERTIES	3254528	7/28/15	\$ 4,353.41
PV8908399	2075	CALAFCO	8692963	7/28/15	\$ 7,577.00
PV8908400	2245	SPECIAL DISTRICTS RISK MANAGEMENT ASSOCIATION	8692926	7/28/15	\$ 7,085.01
PV8908401	2115	ECS IMAGING	8692790	7/28/15	\$ 1,313.00
PV8908402	2085	DAILY JOURNAL	8692777	7/28/15	\$ 708.40
PV8908403		NOT YET PROCESSED			
PV8908404		NOT YET PROCESSED			
PV8908405	2941	CALAFCO	8689992	7/22/15	\$ 2,125.00
TOTAL					\$ 42,940.47

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF JULY 2015 INTERNAL TRANSFERS PROCESSED					
JVIB 12142037D	2037	JUNE 2015 PHONE		7/14/2015	\$ 203.49
JVIB 12142038D	2038	JUNE 2015 LONG DISTANCE		7/14/2015	\$ 4.46
JVIB 12142080B	2080	JUNE 2015 COUNTY PHONE BOOKS		7/15/2015	\$ 44.00
JVATXRT00503	2308	CAL-CARD PAYMENT - JUNE		7/8/2015	\$ 510.34
JVPURRT00532	2310	INTER-OFFICE MAIL		7/9/2015	\$ 180.40
JVPURRT00540	2310	PACKAGING - MAIL		7/9/2015	\$ 394.10
JVPURRT00541	2310	PACKAGING - MAIL		7/9/2015	\$ 21.31
JVPURRT00545	2310	PRESORT FLATS - MAIL		7/9/2015	\$ 45.48
JVPURRT00525	2310	1ST CLASS PRESORT- MAIL		7/10/2015	\$ 234.45
JVIB 12142410AD	2410	JUNE 2015 DATA PROCESSING		7/14/2015	\$ 152.31
JVIB 12142410D	2410	JUNE 2015 DATA PROCESSING		7/14/2015	\$ 28.08
JVIB 12142410N	2410	JUNE 2015 DATA PROCESSING		7/14/2015	\$ 154.51
JVIB 12142410R	2410	JUNE 2015 DATA PROCESSING		7/14/2015	\$ 65.98
JVIB 12142410V	2410	JUNE 2015 DATA PROCESSING		7/14/2015	\$ 154.58
JVIB 12142410Z	2410	JUNE 2015 DATA PROCESSING		7/14/2015	\$ 1.96
JVIB 12142420J	2420	JUNE 2015 ISD OTHER IT SERVICES		7/14/2015	\$ 58.44
JVIB 12142421D	2421	JUNE 2015 ISD DIRECT		7/14/2015	\$ 683.84
JV890RT00086	2424	NOE FOR LAFCO SC 396		7/2/2014	\$ 50.00
JV890RT01117	2424	NOE FOR LAFCO 3182		7/29/2015	\$ 50.00
JV890RT00185	2445	ROV FEES FOR LAFCO 3182 - INV 235		7/2/2015	\$ 135.16
JVATXRT00792	2445	2015 1ST QUARTER PAYROLL		7/13/2015	\$ 831.60
JVATXRT00793	2445	ROV FEES FOR LAFCO 3188 - INV 236		7/13/2015	\$ 135.16
JVIB 12142450B	2450	JUNE 2015 SYSTEM DEVELOPMENT		7/14/2015	\$ 21.55
JVIB 12142460B	2460	JUNE 2015 GEOGRAPH INFORMATION		7/14/2015	\$ 156.00
TOTAL					\$ 4,317.20

MONTHLY RECONCILIATION OF PAYMENTS

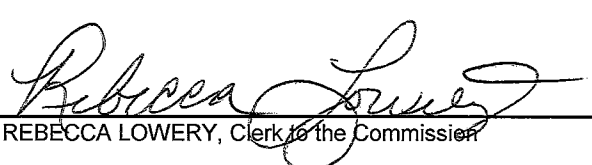

MONTH OF JULY 2015 CASH RECEIPTS

DEPOSIT				DEPOSIT	
DOCUMENT ID	ACCOUNT	DESCRIPTION		DATE	AMOUNT
CR890A00664	9545	INDIVIDUAL NOTICE		7/20/2015	\$ 700.00
CR890A00664	9545	LAFCO FEES		7/20/2015	\$ 7,000.00
CR890A00983	9545	LAFCO FEES		7/27/2015	\$ 18,000.00
CR890A00983	9545	INDIVIDUAL NOTICE		7/27/2015	\$ 700.00
JV600RT00719	9555	LEGAL SERVICES-CREST FOREST FIRE/COUNTY FIRE		7/13/2015	\$ 966.82
CR890A00664	9555	LEGAL SERVICES		7/20/2015	\$ 1,150.00
CR890A00983	9555	LEGAL SERVICES		7/27/2015	\$ 1,150.00
CR890A00664	9660	ENVIRONMENTAL		7/20/2015	\$ 750.00
CR890A00983	9660	ENVIRONMENTAL		7/27/2015	\$ 750.00
JV600RT00719	9800	CREST FOREST FIRE/COUNTY FIRE		7/13/2015	\$ 5,270.47
TOTAL					\$ 36,437.29

MONTH OF JULY 2015 INTERNAL TRANSFERS RECEIVED

TRANSFER				TRANSFER	
DOCUMENT ID	ACCOUNT	NAME		DATE	AMOUNT
JVTZ RT150716052	8500	APPORTIONMENT INTEREST		7/24/2015	\$ 812.68
JVCAORT00286	8842	COUNTY APPORTIONMENT FY15/16		7/2/2014	\$ 294,039.00
CRATXA00102	8842	RIM OF THE WORLD REC AND PARK		7/6/2015	\$ 322.27
CRATXA00115	8842	HI DESERT WATER DISTRICT		7/6/2015	\$ 10,000.00
CRATXA00226	8842	CRESTLINE SANITATION DISTRICT		7/8/2015	\$ 998.08
CRATXA00226	8842	APPLE VALLEY FIRE PROTECTION DISRICT		7/8/2015	\$ 10,000.00
JV735RT00507	8842	TWENTYNINE PALMS CEMETERY DISTRICT		7/8/2015	\$ 63.40
CRATXA00282	8842	MORONGO VALLEY CSD		7/9/2015	\$ 182.03
CRATXA00282	8842	YERMO COMMUNITY SERVICES DISTRICT		7/9/2015	\$ 75.15
CRATXA00282	8842	MARIANA RANCHOS COUNTY WATER DISTRICT		7/9/2015	\$ 128.26
CRATXA00282	8842	CITY OF YUCAIPA		7/9/2015	\$ 3,832.14
CRATXA00365	8842	DAGGETT COMMUNITY SERVICES DISTRICT		7/10/2015	\$ 72.69
CRATXA00365	8842	RUNNING SPRINGS WATER DISTRICT		7/10/2015	\$ 10,000.00
CRATXA00365	8842	ARROWBEAR PARKCOUNTY WATER DISTRICT		7/10/2015	\$ 286.29
CRATXA00365	8842	BAKER COMMUNITY SERIVCES DISTRICT		7/10/2015	\$ 165.88
CRATXA00365	8842	YUCAIPA VALLEY WATER DISTRICT		7/10/2015	\$ 20,000.00
CRATXA00365	8842	CRESTLINE LAKE ARROWHEAD WATER AGENCY		7/10/2015	\$ 1,168.27
CRATXA00409	8842	TOWN OF YUCCA VALLEY		7/13/2015	\$ 1,737.11
CRATXA00476	8842	BIG BEAR AIRPORT DISTRICT		7/14/2015	\$ 710.99
JV800RT00822	8842	HESPERIA RECREATION AND PARK		7/14/2015	\$ 10,000.00
CRATXA00585	8842	MONTE VISTA WATER DISTRICT		7/16/2015	\$ 10,000.00
CRATXA00585	8842	YUCCA VALLEY AIRPORT DISTRICT		7/16/2015	\$ 7.80
CRATXA00585	8842	SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT		7/16/2015	\$ 30,000.00
CRATXA00585	8842	PHELAN PINON HILLS CSD		7/16/2015	\$ 10,000.00
CRATXA00614	8842	APPLE VALLEY HEIGHTS COUNTY WATER DISTRICT		7/17/2015	\$ 61.54
CRATXA00614	8842	TOWN OF APPLE VALLEY		7/17/2015	\$ 7,042.44
CRATXA00614	8842	INLAND EMPIRE RESOURCE CONSERVATION DISTRICT		7/17/2015	\$ 336.28
CRATXA00614	8842	CITY OF HIGHLAND		7/17/2015	\$ 3,685.81
CRATXA00614	8842	CITY OF BIG BEAR LAKE		7/17/2015	\$ 5,905.89
CRATXA00614	8842	BIG BEAR MUNICIPAL WATER DISTRICT		7/17/2015	\$ 1,202.02
CRATXA00614	8842	SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT		7/17/2015	\$ 359.39

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF JULY 2015 INTERNAL TRANSFERS RECEIVED (cont.)					
CRATXA00614	8842	CRESTLINE VILLAGE WATER DISTRICT		7/17/2015	\$ 774.21
CRATXA00614	8842	THUNDERBIRD COUNTY WATER DISTRICT		7/17/2015	\$ 55.47
CRATXA00614	8842	CITY OF CHINO HILLS		7/17/2015	\$ 12,026.71
CRATXA00730	8842	BIG BEAR CITY CSD		7/21/2015	\$ 10,000.00
CRATXA00730	8842	CITY OF FONTANA		7/21/2015	\$ 25,452.33
CRATXA00730	8842	CITY OF LOMA LINDA		7/21/2015	\$ 3,648.35
CRATXA00730	8842	BARSTOW HEIGHTS CSD		7/21/2015	\$ 15.80
CRATXA00804	8842	BEAR VALLEY HEALTHCARE DISTRICT		7/22/2015	\$ 1,500.00
CRATXA00804	8842	CITY OF REDLANDS		7/22/2015	\$ 15,326.86
CRATXA00804	8842	NEWBERRY CSD		7/22/2015	\$ 68.37
CRATXA00804	8842	CITY OF UPLAND		7/22/2015	\$ 11,988.64
CRATXA00934	8842	CITY OF HESPERIA		7/24/2015	\$ 11,376.50
CRATXA00966	8842	CITY OF 29 PALMS		7/24/2015	\$ 1,714.01
CRATXA01110	8842	LAKE ARROWHEAD CSD		7/29/2015	\$ 10,000.00
CRATXA01110	8842	CITY OF VICTORVILLE		7/29/2015	\$ 19,456.00
CRATXA01111	8842	CITY OF SAN BERNARDINO		7/29/2015	\$ 38,368.17
CRATXA01147	8842	EAST VALLEY WATER DISTRICT		7/29/2015	\$ 20,000.00
CRATXA01148	8842	CHINO BASIN WATER DISTRICT		7/29/2015	\$ 385.76
CRATXA01148	8842	CITY OF ONTARIO		7/29/2015	\$ 49,664.79
CRATXA01253	8842	INLAND EMPIRE UTILITIES AGENCY		7/31/2015	\$ 30,000.00
CRATXA01253	8842	CITY OF COLTON		7/31/2015	\$ 16,836.85
TOTAL					\$ 711,854.23
<div>  <div> REBECCA LOWERY, Clerk to the Commission <div>9/9/2015</div> <div>DATE</div> </div> </div>					
<div> RECONCILIATION APPROVED BY: <div>  <div> KATHLEEN ROLLINGS-McDONALD, Executive Officer <div>9/9/2015</div> <div>DATE</div> </div> </div> </div>					

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 885-8170
E-mail: lafoo@lafoo.sbcounty.gov
www.sbclafoo.org

DATE: SEPTEMBER 8, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #4 – Consideration of Fee Reduction Requested by the Twentynine Palms Water District for its Reorganization Proposal to Annex its Territory to the San Bernardino County Fire Protection District (et al)

RECOMMENDATION:

Staff recommends that the Commission approve a reduction in application fees for the Twentynine Palms Water District request to transfer its fire responsibility to the San Bernardino County Fire Protection District to a total of \$22,900 (fees and deposits).

BACKGROUND:

On August 25, 2015, the Board of Directors of the Twentynine Palms Water District (hereinafter shown as "TPWD") adopted a resolution to initiate a proposed reorganization to transfer its fire and emergency medical response obligations to the San Bernardino County Fire Protection District (hereinafter shown as "SBCFPD"). The change anticipates a sphere of influence amendment for SBCFPD along with the annexation to the SBCFPD, its South Desert Service Zone, its Service Zone FP-5 and the divestiture of the TPWD of its fire function. As the service review for the Twentynine Palms community identified in 2012, the solvency of the provision of fire service was in question. The purpose of this change of organization is to provide for a means to continue fire protection and emergency medical response in a financially sustainable manner. In the letter from the TPWD it requests that due to the financially precarious nature of the agency and the need to identifying a means to resolve its retirement obligations a reduction in filing fees be provided.

LAFCO staff's review identifies that based on the Commission's adopted fee schedule, the total filing fee for the sphere of influence change and reorganization is \$69,770. The breakdown below shows all the required fees/deposits for the sphere and reorganization proposal:

LAFCO Filing Fees:

a. Sphere of Influence Amendment	\$ 5,000
b. Reorganization (\$7,500 plus \$1 per acre over 1,920 acres)	\$56,870
c. Divestiture	\$ 5,000
d. Deposit – Legal Counsel	\$ 1,150
e. Deposit – Environmental	\$ 750
f. Deposit – Legal Ad In Lieu of Individual Notice	<u>\$ 1,000</u>
TOTAL	\$69,770

With the understanding of the financial position of the TPWD as well as the proposals addressing the whole of the area of the TPWD, staff supports a reduction in the fee. The reduction would be based on the Commission's adopted fee schedule, broken down as follows:

a. Sphere of Influence Amendment	\$ 5,000
b. Reorganization	\$10,000
c. Divestiture	\$ 5,000
d. Deposit – Legal Counsel	\$ 1,150
e. Deposit – Environmental	\$ 750
f. Deposit – Legal Ad In Lieu of Individual Notice	<u>\$ 1,000</u>
TOTAL	\$22,900

Staff is recommending that the Commission make the determination to reduce the total LAFCO filing fee to \$20,000 (sphere, annexation and divestiture) along with the balance of the required deposits. Staff will be happy to answer any questions of the Commission prior to or at the hearing.

KRM

Attachment

1. Letter Dated August 13, 2015 from the Twentynine Palms Water District
2. Vicinity Map of the Reorganization Proposal (LAFCO 3196)

**Letter Dated August 13, 2015 from
the Twentynine Palms Water District**

Attachment 1



TWENTYNINE PALMS WATER DISTRICT

August 13, 2015

Kathleen Rollings-McDonald
Executive Officer
San Bernardino LAFCO
215 North "D" Street, Suite 204
San Bernardino, CA 92415

RECEIVED
AUG 13 2015

LAFCO
San Bernardino County

RE: Request for Reduction of Fees

Dear Kathleen,

The Twentynine Palms Water District Board of Directors has approved the initiation of the application procedure to LAFCO for the divestiture of fire protection services from the Water District and annexation to the San Bernardino County Fire Protection District. It is estimated the filing fees for this application will be:

Sphere Amendment	\$5,000
Reorganization	\$56,780
Divestiture	\$5,000
Deposits:	
Legal Counsel	\$1,150
Environmental	\$750
Legal Ad	\$1,000
TOTAL	\$69,680

The Board of Directors initiated this action because the fire function is operating solely on a fixed special parcel tax and the provision of fire protection services by the district is deemed to be unsustainable. In addition, the district faces an unfunded retirement liability that is estimated to exceed the district's available fund balance. Therefore, it is respectfully requested that, as part of the application process, LAFCO consider approving a reduction in fees as follows:

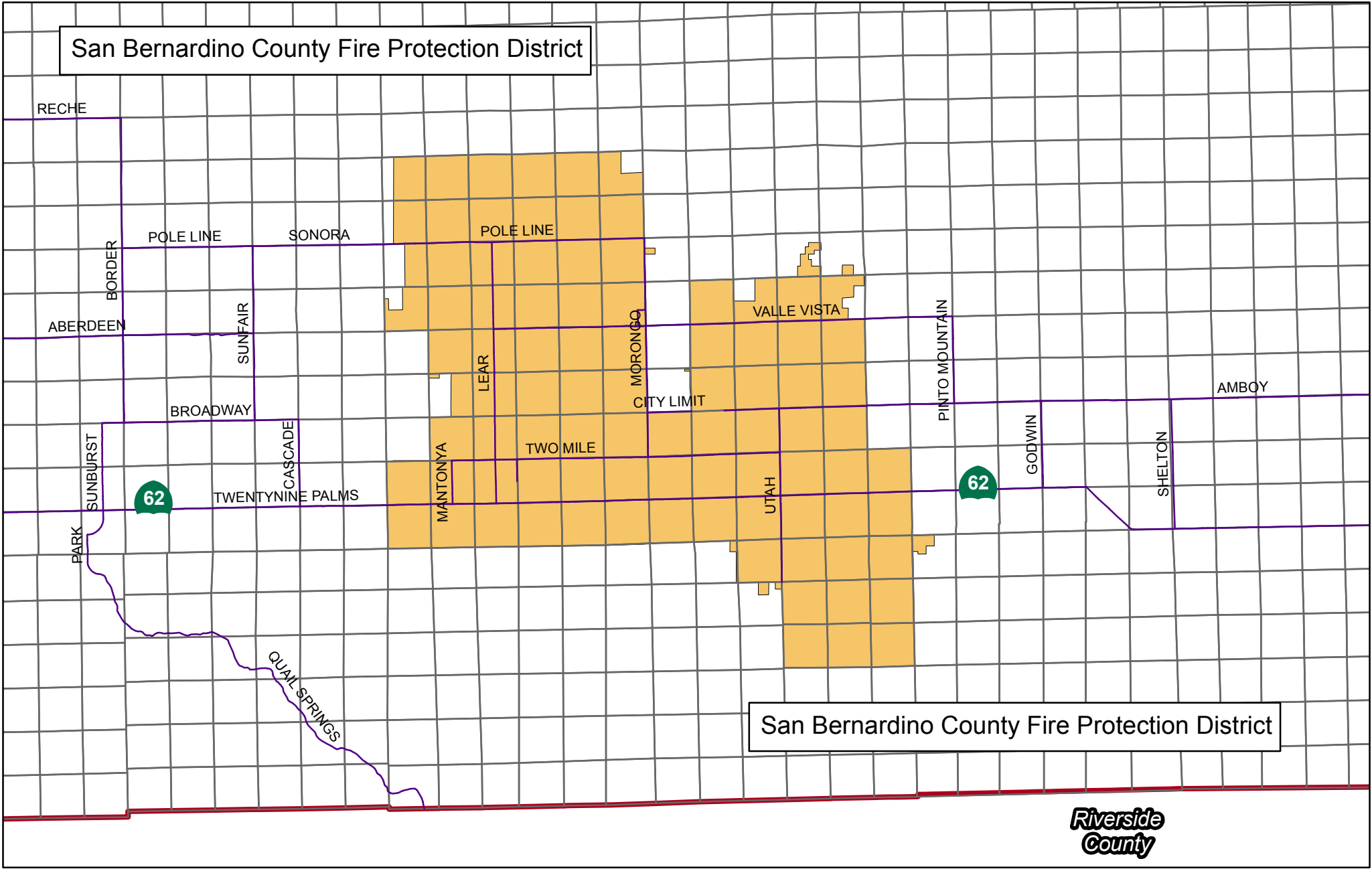
Sphere Amendment	\$5,000
Reorganization	\$10,000
Divestiture	\$5,000
Deposits:	
Legal Counsel	\$1,150
Environmental	\$750
Legal Ad	\$1,000
TOTAL	\$22,900

Sincerely,

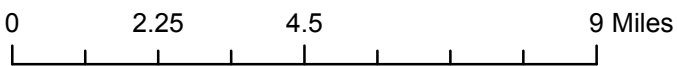
Jim Thompson
Fire Chief



**Vicinity Map of the
Reorganization Proposal (LAFCO 3196)**

Attachment 2



Twentynine Palms Water District



-  Twentynine Palms Water District
-  County Line

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 885-8170
E-mail: lafoo@lafoo.sbcounty.gov
www.sbclafoo.org

DATE: SEPTEMBER 8, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer



TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #5 – Consideration of Fee Reduction Requested by the Hesperia Fire Protection District for its Reorganization Proposal to Annex its Territory to the San Bernardino County Fire Protection District (et al)

RECOMMENDATION:

Staff recommends that the Commission approve a reduction in application fees for the Hesperia Fire Protection District request to transfer its fire responsibility to the San Bernardino County Fire Protection District to a total of \$30,400 (fees and deposits).

BACKGROUND:

On August 4, 2015, the Board of Directors of the Hesperia Fire Protection District (hereinafter shown as "HFPD" or "District") adopted a resolution to initiate a proposed reorganization to transfer its fire and emergency medical response obligations to the San Bernardino County Fire Protection District (hereinafter shown as "SBCFPD"). The change anticipates a sphere of influence amendment for SBCFPD along with the annexation to the SBCFPD and its North Desert Service Zone, and the dissolution of the HFPD. For 11 years the HFPD has contracted with the SBCFPD to provide its fire protection services. As the ten-year contract term expired, the District and County began negotiations to evaluate service options based upon the limitations of the tax revenues received by the HFPD. This has culminated in an agreement to annex the territory of the HFPD to the SBCFPD and dissolve the District. The purpose of this change of organization is to provide for a means to continue fire protection and emergency medical response in a financially sustainable manner. In the letter from the HFPD they ask that a reduction in filing fees be provided.

LAFCO staff's review identifies that based on the Commission's adopted fee schedule, the total filing fee for the sphere of influence change and reorganization is \$61,400. The breakdown below shows all the required fees/deposits for the reorganization proposal:

LAFCO Filing Fees:

a. Sphere of Influence Amendment	\$ 5,000
b. Reorganization (\$7,500 plus \$1 per acre over 1,920 acres)	\$53,580
c. Deposit – Legal Counsel	\$ 1,150
d. Deposit – Environmental	\$ 750
e. Deposit – Legal Ad In Lieu of Individual Notice	<u>\$ 1,000</u>
TOTAL	<u>\$61,480</u>

With the understanding of the financial position of the HFPD as well as the fact that the proposal addresses the whole of the service area, staff supports a reduction in the fee. The reduction would be based on the Commission's adopted fee schedule, broken down as follows:

a. Sphere of Influence Amendment	\$ 5,000
b. Reorganization Three full Annexation Fees (\$7,500)	\$22,500
c. Deposit – Legal Counsel	\$ 1,150
d. Deposit – Environmental	\$ 750
e. Deposit – Legal Ad In Lieu of Individual Notice	<u>\$ 1,000</u>
TOTAL	<u>\$30,400</u>

Staff is recommending that the Commission make the determination to reduce the total LAFCO filing fee to \$27,500 (sphere and reorganization) along with the balance of the required deposits. Staff will be happy to answer any questions of the Commission prior to or at the hearing.

KRM

Attachment

1. Letter Dated August 19, 2015 from the Hesperia Fire Protection District
2. Vicinity Map of the Fire Reorganization Anticipated

**Letter Dated August 19, 2015 from the
Hesperia Fire Protection District**

Attachment 1



City of Hesperia

Gateway to the High Desert

August 19, 2015

RECEIVED
AUG 21 2015

Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490

LAFCO
San Bernardino County

Re: Resolution of Application - Dissolution of the Hesperia Fire Protection District

Dear Kathy:

Please find enclosed the Resolution of Application regarding the dissolution of the Hesperia Fire Protection District and annexation to the San Bernardino County Fire Protection District. As we discussed, attached to the Resolution is a map and a generalized legal description of the Hesperia Fire Protection District.

In addition, the District is requesting a reduction in the application fees based on the limited scope of this project. The level of service to the affected service area will remain the same. Please contact me if you have any questions or need additional information.

Sincerely,

Dave Reno, AICP
Principal Planner

CC: Mike Podegracz, City Manager
Scott Priester, Director of Development Services

Eric Schmidt, Mayor
Bill Holland, Mayor Pro Tem
Russ Blewett, Council Member
Mike Leonard, Council Member
Paul Russ, Council Member

9700 Seventh Avenue
Hesperia, CA 92345
760-947-1000
TD 760-947-1119

Mike Podegracz, City Manager

www.cityofhesperia.us

RESOLUTION NO. HFPD 2015-14

A RESOLUTION OF APPLICATION BY THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO TAKE PROCEEDINGS FOR REORGANIZATION CONSISTING OF CERTAIN TERRITORY DESCRIBED HEREIN AND DESIGNATED AS REORGANIZATION NO. 2015-01 (ANNEXATION TO THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT)

WHEREAS, The Hesperia Fire Protection District desires to initiate proceedings pursuant to Division 3 of Title 5 of the California Government Code (the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000) for:

- a. A sphere of influence amendment for the Hesperia Fire Protection District and the San Bernardino County Fire Protection District; and,
- b. A reorganization to include, but not be limited to, dissolution of the Hesperia Fire Protection District, annexation to the San Bernardino County Fire Protection District, and its North Desert Service Zone and formation of a new Service Zone of the San Bernardino County Fire Protection District.

WHEREAS, the territory proposed for reorganization is legally inhabited and a description of the boundaries of the territory proposed to be reorganized is attached hereto as Exhibit "A" and a map showing the boundaries is attached hereto as Exhibit "B", and by this reference incorporated herein; and,

WHEREAS, The proposed reorganization will not conflict with any existing sphere of influence as the proposed change includes an amendment to the Hesperia Fire Protection District and San Bernardino County Fire Protection District spheres of influence to accommodate the proposed reorganization; and,

WHEREAS, It is desired to provide that the proposed reorganization be subject to the following terms and conditions:

- a. The San Bernardino County Fire Protection District shall be designated as the successor to any and all priorities of use and rights to use of property within the territory detached from said Hesperia Fire Protection District, in accordance with Section 56886 (j) of the Government Code; and,
- b. The standard terms and conditions imposed by the Local Agency Formation Commission upon all proposals or such additional conditions as may be deemed appropriate or necessary by the Local Agency Formation Commission in its consideration.

WHEREAS, The reasons for this proposal are to permit the subject agencies to streamline fire protection services to the subject territory so as to provide orderly growth and development within the subject territory; and to permit all agencies authorized to provide the scope of municipal services to extend their boundaries to cover the subject territory in one action; and,

WHEREAS, All legal prerequisites to the adoption of this Resolution have occurred.

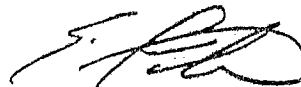
NOW THEREFORE, BE IT RESOLVED BY THE HESPERIA FIRE PROTECTION DISTRICT BOARD OF DIRECTORS AS FOLLOWS:

Section 1. This Resolution of Application is hereby adopted and approved by the Board of Directors of the Hesperia Fire Protection District. The Local Agency Formation Commission of the County of San Bernardino is hereby requested to take proceedings for the reorganization of territory as described above, according to the terms and conditions stated above, and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Section 2. The Hesperia Fire Protection District acknowledges and agrees to the Local Agency Formation Commission for San Bernardino County's requirement for imposing legal indemnification as outlined in Policies 10 and 11 of its Accounting and Financial Division of its Policy and Procedure Manual adopted June 2012.

Section 3. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

ADOPTED AND APPROVED this 4th day of August 2015.



Eric Schmidt, Mayor

ATTEST:



Melinda Sayre-Castro,
City Clerk

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HESPERIA)

I, Melinda Sayre-Castro, Secretary of the Hesperia Fire Protection District, Hesperia, California, do hereby certify that Resolution No. HFPD 2015-14 was duly adopted by the Board members of the Hesperia Fire Protection District, Hesperia, California at a Regular Meeting thereof held on the 4th day of August, 2015 by the following vote to wit:

AYES: Russ, Leonard, Schmidt, Holland, and Blewett

NOES: None

ABSTAIN: None

ABSENT: None

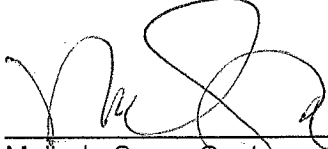


Melinda Sayre-Castro,
Board Secretary

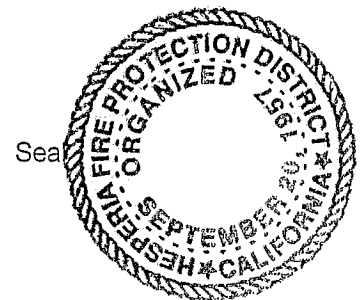


I, Melinda Sayre-Castro, Secretary of the Hesperia Fire Protection District, Hesperia, California, do hereby certify that the foregoing Resolution No. HFPD 2015-14 is a full, true and correct copy of that now in file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia, California, this 17th day of August, 2015.



Melinda Sayre-Castro,
Board Secretary





City of Hesperia

Gateway to the High Desert

GENERAL LEGAL DESCRIPTION

HESPERIA FIRE PROTECTION DISTRICT

Those portions of Township 3 North, Ranges, 4 North and 5 West, and Township 4 North, Ranges, 3, 4 and 5 West, San Bernardino Meridian, in the County of San Bernardino, State of California.

Said lands to comprise the whole of the Hesperia Fire Protection District, containing 75 square miles, more or less.

*Eric Schmidt, Mayor
Bill Holland, Mayor Pro Tem
Russ Blewett, Council Member
Mike Leonard, Council Member
Paul Russ, Council Member*

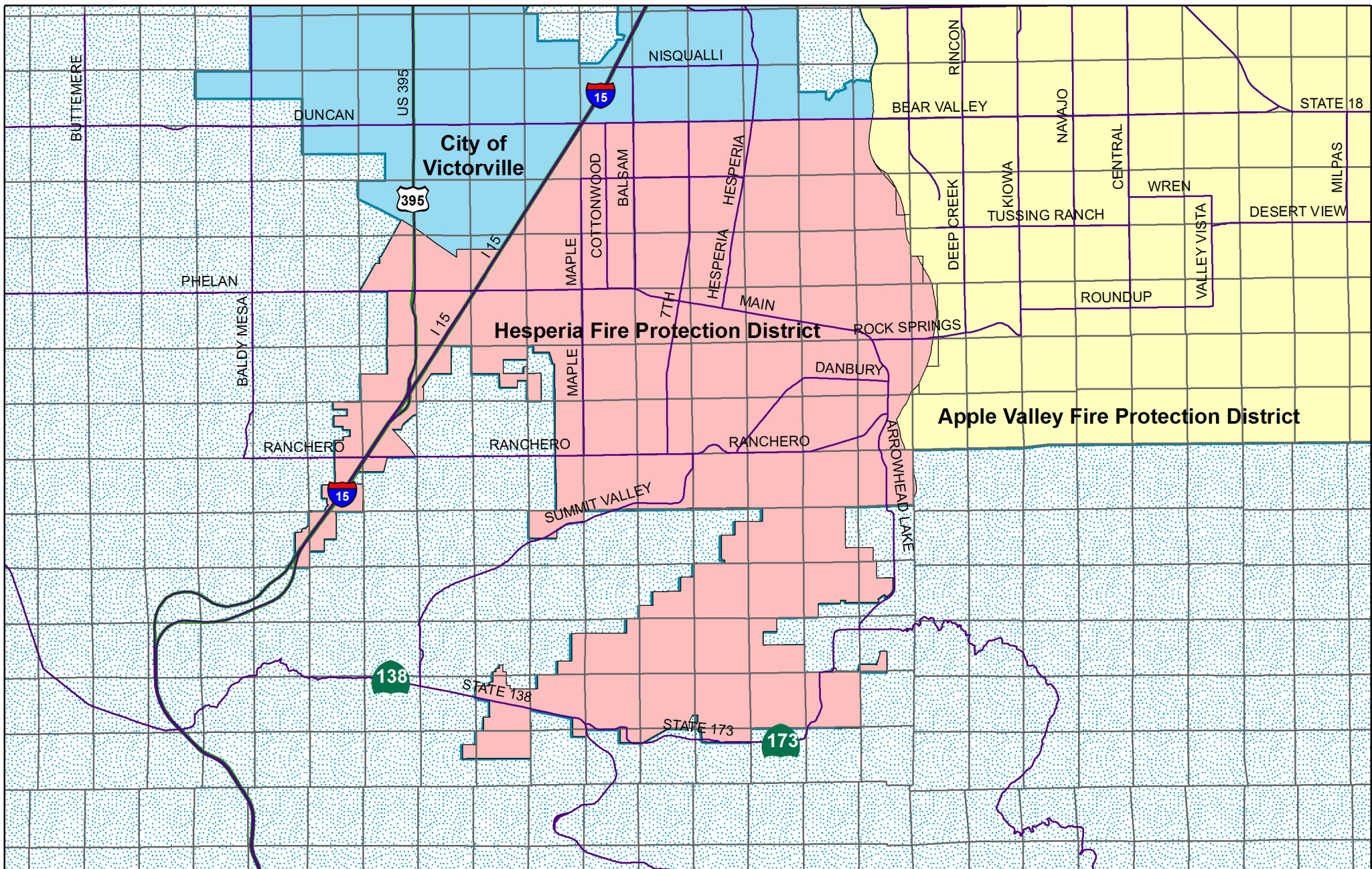
*9700 Seventh Avenue
Hesperia, CA 92345
760-947-1000
TD 760-947-1119*

Mike Podegracz, City Manager

www.cityofhesperia.us

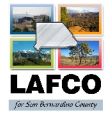
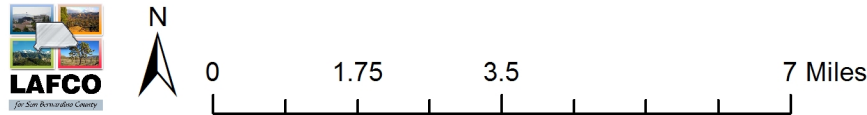
Vicinity Map of the Fire Reorganization Anticipated

Attachment 2



Hesperia Fire Protection District

- Hesperia Fire Protection District (contract with SB County FPD)
- Apple Valley Fire Protection District
- San Bernardino County Fire Protection District
- City of Victorville (contract with SB County FPD)



LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 885-8170
E-mail: lafoo@lafoo.sbcounly.gov
www.sbciafoo.org

DATE: SEPTEMBER 8, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #6 – REVIEW AND APPROVE CONSULTANT
CONTRACT WITH ROBERT ALDRICH TO PROVIDE SUPPLEMENTAL
STAFF SUPPORT DURING FISCAL YEAR 2015-16**

RECOMMENDATION:

Staff recommends that the Commission approve the proposed staffing contract and authorize the Executive Officer to sign.

BACKGROUND:

Over the last several weeks, LAFCO staff has identified a need to provide for supplemental staffing to address staff shortages due to medical leaves and because of the filing of at least three proposals to annex to the San Bernardino County Fire Protection District, the most complex being that of the City of San Bernardino (LAFCO 3197 – Sphere expansion and LAFCO 3198 Reorganization). Mr. Robert Aldrich, former Assistant Executive Officer with the Orange LAFCO, is available to provide that service, three days a week from September 21, 2015 through the close of the fiscal year.

Staff has prepared a contract to retain Mr. Aldrich, copy of which is attached to this report, for the period identified paid at \$75 per hour for a maximum of \$75,000 during the fiscal year. During the first quarter financial report, staff will apprise the Commission of the transfers to be approved to accommodate this unbudgeted expenditure.

Staff is recommending that the Commission make the determination to hire supplemental staffing by contract and to authorize the Executive Officer to sign the contract once signed by Mr. Aldrich and LAFCO Legal Counsel. Staff will be happy to answer any questions of the Commission prior to or at the hearing.

KRM

Attachments

Aldrich & Associates
1100 Linden Way
Brea, CA 92821

(714) 290-5163
aldrichandassociates@yahoo.com

BOB ALDRICH

- Over 30 years of professional experience in all facets of LAFCO responsibilities and land use planning.
- A proactive manager with extensive experience in managing complex projects through collaboration with other agencies and organizations to achieve mutual goals.
- Outstanding writing and communication skills.
- Proven expertise in successfully completing complex Municipal Service Reviews, annexations, reorganizations and incorporations through the LAFCO process.
- Extensive knowledge of land development laws and regulations, including: Cortese-Knox-Hertzberg Local Government Reorganization Act, CEQA, zoning, and General Plan.

SPECIFIC EXPERIENCE

November 2014 – Current

**San Mateo LAFCO
Redwood City, CA**

SAN MATEO COUNTY LAFCO MSR/SOI UPDATE

Sub-consultant to Project Resource Specialists (PRS) as Project Manager for preparation of a multi-agency Municipal Service Review and Sphere of Influence Update. Project includes a comprehensive operations/fiscal review of ten cities and special districts in North San Mateo County, including recommendations for alternative service providers/reorganizations and Sphere of Influence adjustments to improve long-term service provision of key municipal services.

January 2010 – Current

**Orange County LAFCO
Santa Ana, CA**

ORANGE COUNTY LAFCO PLANNING CONSULTANT

Under contract with Orange County LAFCO to provide project support and expertise, as needed, on complex incorporation, reorganization, Sphere of Influence and Municipal Service Review (MSR) issues. Currently providing staff support on a focused MSR addressing a potential takeover of local sewer service and facilities in north central Orange County by two competing special districts.

September 2013 – June 2014

**Contra Costa LAFCO
Martinez, CA**

CONTRA COSTA COUNTY LAFCO MSR/SOI UPDATE

Sub-consultant to GST Consulting as Project Manager for preparation of a water/wastewater Municipal Service Review and Sphere of Influence Update. Project included comprehensive operational and fiscal analyses of 29 agencies countywide (8 cities, 20 special districts and 1 private water company).

October 2011– April 2012

**Los Angeles LAFCO
Pasadena, CA**

CITY OF SANTA CLARITA MSR/SOI UPDATE

Sub-consultant to GST Consulting as Project Manager for preparation of a Municipal Service Review and Sphere of Influence Update for the City of Santa Clarita. Project included comprehensive analyses of seven proposed annexation areas and a significant SOI adjustment.

September 2002 – December 2009

**Orange County LAFCO
Santa Ana, CA**

LAFCO ASSISTANT EXECUTIVE OFFICER

Provided leadership, strategic direction and management of LAFCO staff and represented OC LAFCO to local, regional and state agencies. Project manager for the proposed Rossmoor incorporation and fiscal analysis which was completed on-time under an accelerated processing schedule. Successfully managed agency's key annexation and reorganization projects, including the MCAS El Toro annexation to the City of Irvine, the Newport Coast annexation to the City of Newport Beach, and East and West Santa Ana Heights reorganizations to the City of Newport Beach. Successfully led OC LAFCO's efforts to complete its first round of comprehensive Municipal Service Reviews.

2001 – 2002

**Orange County LAFCO
Santa Ana, CA**

SENIOR PROJECT MANAGER

Provided fiscal oversight of the agency through budget preparation and proactive monitoring. Supervised and trained staff. Conducted extensive outreach to member agencies (cities and special districts) and the public regarding LAFCO's responsibilities and mission. Spearheaded the development and implementation of LAFCO's small islands annexation program which resulted in the successful annexation of over 30 small islands which was recognized by CALAFCO as the most successful islands program statewide. Responsible for overseeing a team of consultants analyzing the fiscal impacts of small island annexations to both the County and the annexing cities. Co-managed the prototype Municipal Service Review for the Los Alamitos/Seal Beach/Rossmoor area which implemented a stakeholder driven process and served as a model for future OC LAFCO MSRs.

1995 – 2001

**County of Orange Planning & Development Services
Santa Ana, CA**

CHIEF, ADVANCE PLANNING

Maintained and updated the Orange County General Plan. Developed countywide socioeconomic projections used for transportation modeling and land use planning. Implemented the County's inclusionary affordable housing program. Served as County's liaison to the Santa Ana Heights Project Advisory Committee.

1990 – 1995

**County of Orange Planning & Development Services
Santa Ana, CA**

CHIEF, ELEMENT PLANNING

EDUCATION

- MPPA, Public Policy and Administration, California State University, Long Beach
- BA, Social Ecology (Emphasis – Urban Planning), University of California, Irvine

**AGREEMENT FOR SERVICES
BETWEEN
LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY
AND
ROBERT ALDRICH**

This Agreement is made and entered into this _____ day of September, 2015 by and between the LOCAL AGENCY FORMATION COMMISSION FOR SAN BERANRDINO COUNTY (hereinafter referred to as "LAFCO"), organized and operating pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code sections 56000, et seq. and Robert Aldrich. (hereinafter referred to as "Consultant").

RECITALS

A. LAFCO is a public agency of the State of California and is in need of professional consulting services to provide additional staffing due to influx of projects and staff absence (hereinafter referred to as "the Project").

B. Consultant is qualified by virtue of experience, training, education and expertise to provide such services.

C. The parties desire by this Agreement to establish the terms for LAFCO to retain Consultant to provide the services described herein.

AGREEMENT

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

1. Services.

Consultant shall provide LAFCO with the project management and staffing services as needed by the Commission during the processing of County Fire reorganizations and staff leave. Consultant shall provide on-site service for three days per week (Tuesday through Thursday).

2. Compensation.

- a. The total amount paid for services rendered by Consultant pursuant to this contract shall not exceed the sum of seventy five thousand dollars (\$75,000.00) per fiscal year. The Consultant shall be paid at the rate of \$75.00 per hour for a maximum of 1,000 hours during the fiscal year. Periodic payments shall be made within 30 days of receipt of a statement for services rendered. Payments to Consultant for work performed will be made on a monthly billing basis. Additional work may be authorized, as described below, and if authorized, will be compensated at the rates and in the manner set forth in this Agreement.

- b. LAFCO shall reimburse costs advanced by Consultant on LAFCO's behalf, as well as other expenses, in addition to the amount billed for fees. These currently include, but are not limited to, actual expenses away from the LAFCO on San Bernardino LAFCO business, extraordinary photocopy charges and any costs of producing or reproducing photographs, documents and other things necessary for the preparation or presentation of LAFCO business. All costs will be itemized on LAFCO's monthly statement. LAFCO shall not pay reimburse mileage to Consultant in transit to the LAFCO office.

3. Additional Work

At any time during the term of this Agreement, LAFCO may request that Consultant perform Additional Work. As used herein, "Additional Work" means any work in excess of the work specified in paragraph 2(a) of this Agreement, which is determined by LAFCO to be necessary. Consultant shall not perform, nor be compensated for, Additional Work without written authorization from LAFCO's Executive Officer. LAFCO's Executive Officer may approve Additional Work not to exceed two thousand dollars (\$2,000.00) per fiscal year such that the total amount paid for services rendered by Consultant pursuant to this Agreement, including Additional Work, shall not exceed seven thousand dollars (\$7,000.00) per fiscal year.

4. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the Agreement period and for four (4) years from the date of final payment under the contract for inspection by LAFCO.

5. Term and Time of Performance.

This Agreement shall remain in effect unless terminated upon sixty (60) days written notice from either party with or without cause.

6. Delays in Performance.

Neither LAFCO nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

- a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government.
- b. Consultant shall assist LAFCO in obtaining and maintaining all permits required of Consultant by Federal, State and local regulatory agencies.

8. Standard of Care.

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Subconsultant.

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of LAFCO, which may be withheld for any reason. Nothing contained herein shall prevent Consultant from employing independent associates and subconsultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Contractor.

Consultant is retained as an independent contractor and is not an employee of LAFCO. No employee or agent of Consultant shall become an employee of LAFCO. The work to be performed shall be in accordance with the work described in paragraph 2(a) above, subject to such directions and amendments from LAFCO as herein provided.

11. Integration.

This Agreement represents the entire understanding of LAFCO and Consultant as to those matters contained herein, and supersedes and cancels any prior oral or written understanding, promises or representations with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing signed by both parties hereto. This is an integrated Agreement.

12. Insurance.

a. Commercial General Liability

- (1) Consultant shall maintain occurrence version Commercial General Liability Insurance or equivalent form with a combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate, for bodily injury, personal injury, and property damage. If such insurance contains a general

aggregate limit, it shall apply separately to this Agreement or be no less than twice the occurrence limit.

- (2) The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by LAFCO.

b. Automobile Liability

- (1) At all times during the performance of the work under this Agreement the Consultant shall ensure that all vehicles used to provide the services hereunder, whether Consultant-owned or owned by Consultant's employees, are covered by Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to LAFCO.
- (2) Coverage for Automobile Liability Insurance shall be at least as broad as Insurance Services Office Form Number CA 0001 (ed. 6/92) covering automobile liability, Code 1 (any auto).
- (3) The automobile liability program may utilize deductibles, but not a self-insured retention, subject to written approval by LAFCO.

c. Evidence Required

Prior to execution of the Agreement, the Consultant shall file with LAFCO evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein.

Such evidence shall include original copies of the ISO CG 2010 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (ACORD Form 25-S or equivalent). All evidence of insurance shall be signed by a properly authorized officer, agent or qualified representative of the insurer and shall certify the names of the insured, any additional primary insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

d. Policy Provisions Required

- (1) All policies shall contain a provision for 30 days advance written notice by the insurer(s) to LAFCO of any cancellation. Statements that the carrier "will endeavor" and "that failure to mail such notice shall impose no obligation and liability upon the company, its agents or representatives," will not be acceptable on certificates.
- (2) All policies shall contain a provision stating that the Consultant's policies are primary insurance and that the insurance of LAFCO or any Additional Insured shall not be called upon to contribute to any loss.

e. Additional Insurance Provisions

- (1) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by LAFCO, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.
- (2) If at any time during the life of the Agreement, the Consultant fails to maintain in full force any insurance required by the Agreement documents LAFCO may terminate the Agreement.
- (3) The Consultant shall include all subconsultants as insureds under its policies or shall furnish separate certificates and endorsements for each subconsultant. All coverages for subconsultants shall be subject to all of the requirements stated herein.
- (4) LAFCO may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.
- (5) Neither LAFCO nor the Commission, nor any member of the Commission, nor any of the directors, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

13. Indemnification.

Consultant agrees to protect, save, defend and hold harmless LAFCO and its Commission and each member of the Commission, officers, agents and employees from any and all claims, liabilities, expenses or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of or in any way connected with the negligent acts, errors or omissions or willful misconduct by Consultant, Consultant's agents, officers, employees, subconsultants, or independent consultants hired by Consultant under this Agreement. The only exception to Consultant's responsibility to protect, save, defend and hold harmless LAFCO, is due to the sole negligence, willful misconduct or active negligence of LAFCO. This hold harmless Agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification, etc. to be provided by Consultant.

14. Laws, Venue, and Attorneys' Fees.

This Agreement shall be interpreted in accordance with the laws of the State

of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of San Bernardino, State of California. In the event of any such litigation between the parties, the prevailing party shall be entitled to recover all reasonable costs incurred, including reasonable attorney's fees, as determined by the court.

15. Termination or Abandonment.

- a. LAFCO has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event, LAFCO shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. LAFCO shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by LAFCO and Consultant of the portion of such task completed but not paid prior to said termination. LAFCO shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work.
- b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to LAFCO only in the event of substantial failure by LAFCO to perform in accordance with the terms of this Agreement through no fault of Consultant.

16. Notice.

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

LAFCO:
215 North D Street, Suite 204
San Bernardino, CA
92415-0490
ATTN: Executive Officer

CONSULTANT:
Bob Aldrich
1100 Linden Way
Brea, CA 92821
714-257-0368

and shall be effective upon receipt thereof.

17. Third Party Rights.

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than LAFCO and the Consultant.

18. Severability.

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

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

**ROBERT ALDRICH
CONSULTANT**

BY: _____
KATHLEEN ROLLINGS-McDONALD
Executive Officer

BY: _____
ROBERT ALDRICH

Approved as to form:

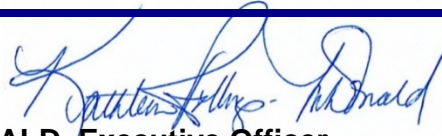
General Counsel
Local Agency Formation
Commission for San Bernardino
County

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 885-8170
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: SEPTEMBER 9, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager



TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #8 – LAFCO 3192 – Sphere of Influence Amendment for the
Chino Basin Water Conservation District

RECOMMENDATION:

LAFCO staff recommends that the Commission take the following actions:

1. For environmental review, certify that LAFCO 3192 is statutorily exempt from environmental review and direct the Executive Officer to file the Notice of Exemption within five (5) days.
2. Approve the sphere of influence expansion for the Chino Basin Water Conservation District to be coterminous with the sphere of influence of the Inland Empire Utilities Agency.
3. Affirm the description of the functions and services for Chino Basin Water Conservation District as identified in the *LAFCO Policy and Procedure Manual, Section VI, Chapter 3: Listing of Special Districts within San Bernardino LAFCO Purview - Authorized Functions and Services*.
4. Adopt LAFCO Resolution No. 3203 reflecting the Commission's findings and determinations.

BACKGROUND:

The Chino Basin Water Conservation District (hereafter shown as "Chino Basin WCD" or the "District") was formed in 1949 and has a goal to protect the Chino Groundwater Basin in order to guarantee that current and future water needs will be met. The district overlaps the western portion, or about 113 square miles, of the Chino Groundwater Basin. In conjunction with the Inland Empire Utilities Agency ("IEUA") and San Bernardino County Flood Control District, Chino Basin WCD actively protects and replenishes the Basin with rainfall and storm

water discharge from the San Gabriel Mountains. The district's service area includes all or portions of the cities of Chino, Chino Hills, Montclair, Ontario, Rancho Cucamonga, and Upland, and unincorporated areas of San Bernardino County. Additionally, the district's primary function has evolved into providing water conservation education to individuals and organizations within the Basin to further promote the efficient use of local water resources. The recent expansion and improvement of the district headquarters and its demonstration gardens as well as landscape techniques contribute to this public education.

To provide a broader understanding of the district, a brief history of the major governmental events for the District and its relationship with the Local Agency Formation Commission is described below, listed chronologically by end date:

- 1931 Prior to the creation of the District, a group called the Chino Basin Protective Association was organized. The purpose of the organization was to collect funds to prosecute and defend all litigation concerning the Chino Basin Protective Association, defend its operation and invaders of said rights, and invaders of underground water within the Chino Basin.
- 1949 Seeking a more formal mechanism to protect the Chino Groundwater Basin, the Board of Supervisors and the registered voters approved the formation of the Chino Basin Water Conservation District under the Water Conservation Law of 1931.
- 1969 LAFCO considered a proposal submitted by the County to dissolve the Chino Basin WCD (LAFCO 823). The County's application to LAFCO reasoned that the district received property taxes yet provided few if any services and that other districts could and did provide similar services. However, the proposal was terminated because the Commission determined that the district was not a district under the terms of the former District Reorganization Act (therefore not under LAFCO purview at that time), and LAFCO statute directed the process to return to the district's principal act.
- 1983 The Commission established the sphere of influence for the Chino Basin WCD as coterminous with its boundaries (LAFCO 2210). The staff report for this item took the position that the public interest would be served by the dissolution of the district with its functions transferred to the Chino Basin Municipal Water District (now known as the Inland Empire Utilities Agency) which also served as watermaster (at that time) for the basin. However, it was determined that the district was performing a useful public service with limited resources. In the absence of strong local support for dissolution and transfer of its functions, LAFCO did not pursue a change. Further, at that time the district's tax receipts had decreased by 60% following the passage of Proposition 13.

As an outgrowth of the sphere of influence establishment, the Commission directed its staff to conduct a special study on water conservation in the Chino Basin to include the multifaceted areas of water conservation, water resource management, and water reclamation. The special study produced a paper titled, A Position Paper Expressing Concern for the Water Conservation Program within the Chino Basin. The paper reiterated how important it was, and would continue to be, that the region have a coordinated program to conserve natural waters. The paper found that there was no coordinated program at that time and that efforts in water conservation were fragmented, and enormous quantities of water which might be preserved were lost to

the area. The paper indicated several options as to funding and an organizational structure which might provide a coordinated program. In examining the options for solution, considering expertise, staffing and resources, the paper indicated that the two agencies best suited to perform a coordinated conservation effort were the Chino Basin Municipal Water District (now Inland Empire Utilities Agency) and the San Bernardino County Flood Control District – but neither of these wanted the assignment without the assurance of full support from all the other benefitting agencies. The summary of responses from water agencies in the basin generally supported the conclusions of the study and supported a coordinated effort for water conservation, but no specific plans were identified.

- 1997 According to the initial service review in 2002 for Chino Basin WCD (LAFCO 2892), around 1997 the County of San Bernardino, with participation by LAFCO staff, explored the possibility of dissolving the district, with the water conservation functions to be succeeded to by either IEUA or the Flood Control District. The County drafted legislation to clarify that the standard LAFCO protest process would occur rather than the principal act provision requiring 60% registered voter support; however, the bill failed to advance through the legislature.
- 2007 The District submitted an application to expand its sphere of influence as well as annexation of territory to the east and northeast of its boundary (LAFCO 3087 and 3088). The stated reasons for the proposal were:
- Enable the District to provide services throughout the area overlying the Chino Groundwater Basin.
 - Enable the District to counteract basin groundwater depletion by locating groundwater recharge facilities in areas that could effectively provide groundwater recharge consistent with the Chino Basin Groundwater Management Zones;
 - Enable the District to provide water conservation education programs to communities throughout the Chino Basin; and
 - Provide benefit to the water ratepayers and taxpayers within the Chino Basin by increasing the geographic scope and benefits for collaborative water resource management programs in which the District can participate.

However, the proposal as submitted included territory not a part of the Inland Empire Utilities Agency/Metropolitan Water District. At issue was that inclusion of this area presented concerns related to: (a) delivery of supplemental water for percolation could not be distributed into areas not a part of the Metropolitan Water District and its member agencies; and (b) if the area remained within the application should the annexation be modified to include concurrent annexation to IEUA/Metropolitan. Additionally, more than one overlying public agency expressed concern regarding use of funds outside the area for which tax revenues were collected. In turn, the District board withdrew its application after determining that it would not be in the best interest of the District to pursue annexation.

2015 In May 2015, the Commission considered the service review for Water Conservation in the Valley Region (attached to this staff report as Attachment #3). As an outgrowth of that review, the Commission initiated a sphere of influence review for the Chino Basin Water Conservation District with the direction that it evaluate the following alternatives (currently the sphere is coterminous with the district's boundaries):

1. Expansion of the sphere of influence to be coterminous with the sphere of influence of the Inland Empire Utilities Agency;
2. Expansion to include the whole of the Chino Groundwater Basin in San Bernardino County (Expansion to include Chino Groundwater Basin area in Los Angeles or Riverside Counties requires an application and approval from the respective LAFCO); or,
3. Designation of a zero sphere of influence.

The following discussion will evaluate the proposal against the mandatory criteria the Commission is required to review as set forth in Government Code Section 56425.

Overview

A sphere of influence is defined by Government Code Section 56076 as "a plan for the probable physical boundaries and service area of a local agency as determined by the Commission". This Commission in its policies related to assignment of a sphere of influence has indicated the purpose is "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" and "to promote coordination of cooperative planning efforts".

At this hearing the Commission will:

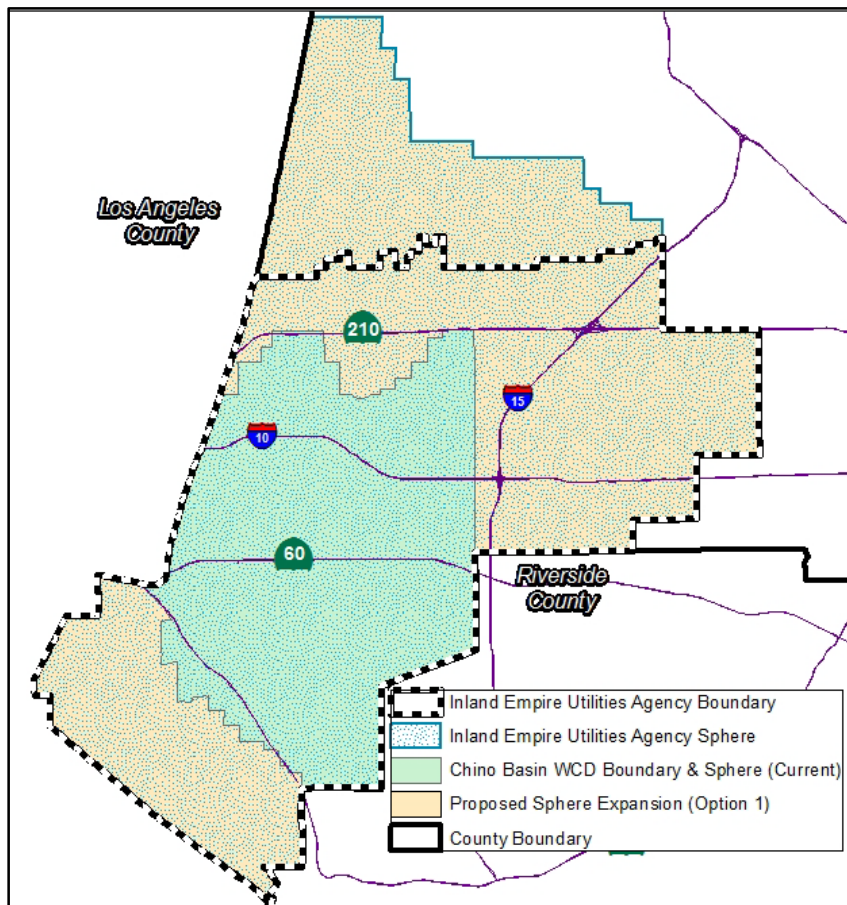
- Consider a sphere of influence amendment for the district from amongst three options (or it may chose not to take any action, thereby maintaining a sphere coterminous with the district's boundary).
- Evaluate and make determinations on the factors outlined in Government Code Section 56425 for LAFCO 3192. These determinations will be guided by the Commission's mission statement which reads in part, "to ensure the establishment of an appropriate, sustainable and logical municipal level government structure for the distribution of efficient and effective public services".

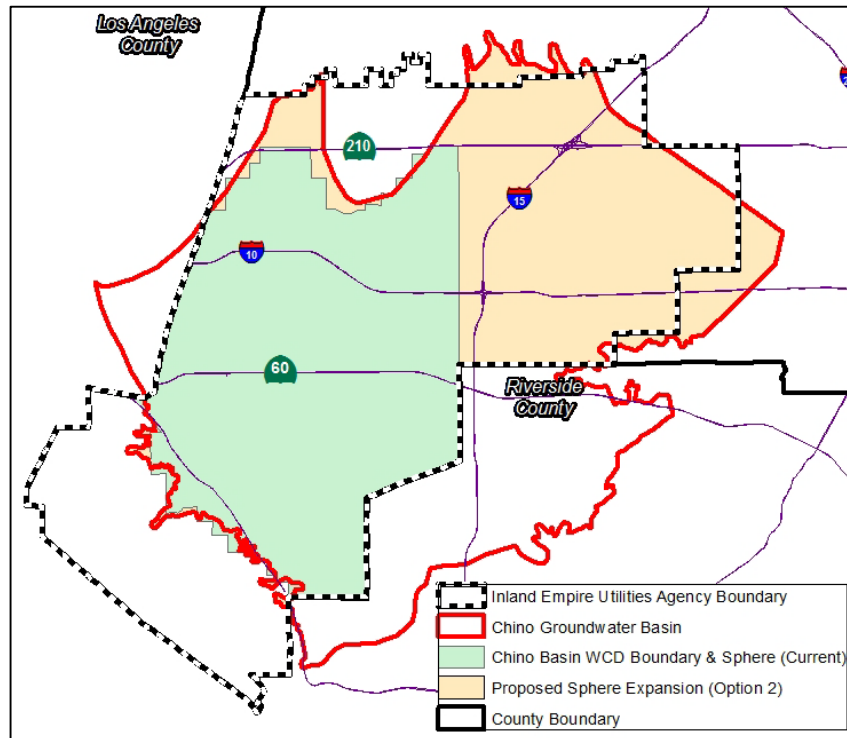
SPHERE OF INFLUENCE AMENDMENT:

Analysis of the Options

In the West Valley both storm water capture and water education activities are provided by the water conservation district and the municipal water district, as well as the Flood Control District. Specifically, the Chino Basin WCD is 1) a single purpose district, 2) is not the only agency within its basin that provides stormwater capture or water education, 3) is overlaid by a municipal water district (IEUA) and flood control district that are authorized and actively provide stormwater capture, and 4) is overlaid by a municipal water district that engages in water education activities regionally. Therefore, a discussion of the potential for streamlining these activities is warranted. The options to be analyzed are:

Option 1 - Expansion of the sphere of influence to be coterminous with the sphere of influence of the Inland Empire Utilities Agency; and Option 2 - Expansion to include the whole of the Chino Groundwater Basin in San Bernardino County; each of which are shown in the two maps below:





The Chino Basin WCD does not encompass the entire Chino Basin nor does it encompass all of the San Bernardino County portion of the Basin. The assignment of a sphere of influence for Chino Basin WCD larger than its boundary will provide a framework for the district to have a greater role in recharge planning and education activities throughout the Basin.

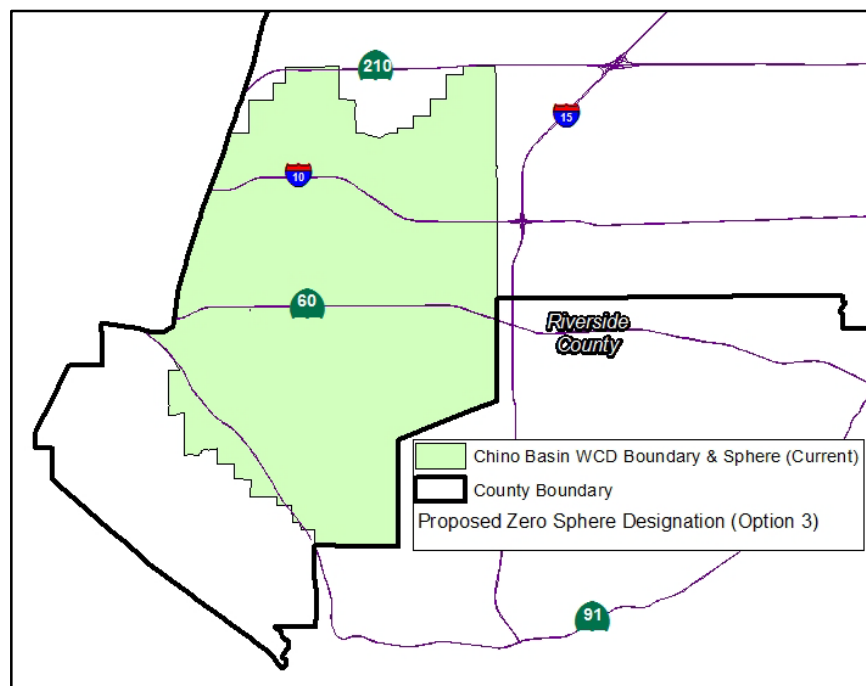
In serving its constituents and the area within its boundaries, the district: 1) participates in surface water capture in conjunction with the Chino Basin Watermaster, IEUA, and SB County Flood Control District, and 2) provides education resources. Focusing on education services, the district has long provided water conservation sustainability through demonstration and education beyond its boundaries. To further its demonstration and education service, it opened its Water Conservation Center campus in 2014 which is available to the public at-large. Being that the scale and scope of the education activities have the capability to extend beyond the district's boundaries, overlying agencies (both wholly within and larger than the district) contract with the Chino Basin WCD to provide demonstration and education. Below are examples:

- IEUA overlays the entirety of the Chino Basin WCD and is authorized to and actively performs water conservation activities (although to a lesser degree). Being that Chino Basin WCD already has the built-in mechanisms for these services, IEUA contracts with Chino Basin WCD to provide certain conservation programs on its behalf.
- Chino Basin WCD administers landscape and irrigation audits in partnership with IEUA and the eight member retail member agencies, and other agencies contract with the district to provide certain conservation programs on its behalf.

While Options 1 and 2 both would expand the district's sphere (thereby expanding the potential reach of its services), Option 1 appears to make more logical service sense. Below are the staff's rationale for this position:

- IEUA's sphere is a clear and definable boundary; whereas it is the legal, not the geological, boundaries of the Chino Basin that are defined by a court judgment.
- Approximately 5% of the Chino Basin is located within Los Angeles County and 15% in Riverside County. However, the Commission's jurisdiction on the sphere of influence determinations is limited to San Bernardino County by adoption of MOUs with Riverside and Los Angeles LAFCOs. Option 2 would require Chino Basin WCD to initiate a sphere of influence expansion proposal with the LAFCO in both Riverside and Los Angeles counties. Given these uncertainties, Option 2 would not achieve its full intent if the district did not initiate the applications or the other LAFCOs were to deny the sphere of influence request.
- IEUA's sphere is larger than the Chino Basin portion in San Bernardino County.
- Lastly, contracts with IEUA would encompass the entirety of the IEUA territory.

Option 3 - Designation of a zero sphere of influence.



The Commission may designate a “zero” sphere of influence signaling its position that a change of organization should take place assigning the district's service obligations and responsibilities to another agency. Such future action could therefore be either a dissolution or consolidation process.

Efforts and sentiments to dissolve the Chino Basin WCD date back to at least 1969 based on the reasoning that the district's functions and services could be assumed by an overlying agency that has the same authorized functions and services (IEUA or Flood Control District).

However, to dissolve a water conservation district, Water Conservation District Law requires a petition signed by 60% of the registered voters within a water conservation district to support the dissolution. Therefore, dissolution of the Chino Basin WCD is not likely. Instead, consolidation of a water conservation district provides a more likely mechanism.

In this case, a potential consolidation could be with the overlaying Inland Empire Utilities Agency or SB County Flood Control District. Consolidation offers the greatest level of benefit for resource management, seamless operations, and standardized coverage. For stormwater capture, overhead would reduce as shared equipment and labor would result in savings. All areas would participate in capital costs for new equipment and facility upgrades. Further, IEUA plays a significant role in accounting, operating, and maintaining the eight Chino Basin WCD basins by performing the following functions:

- All basins
 - Stormwater passive capture and volume accounting
 - Stormwater active diversion and volume accounting
 - Imported water delivery and volume accounting
 - Weeding monthly in areas of impact
 - Operate and maintain communication infrastructure
 - Operate and maintain diversion infrastructure
 - Biologic surveys and biological permitting
- Various basins
 - Recycled water delivery and volume accounting
 - Infiltration restoration - lead agency
 - Infiltration restoration - support agency
 - Basin grading maintenance – lead agency
 - Basin grading maintenance – support agency

The redundancies for multiple elected and appointed officials as well as leadership staff would be eliminated. It would be expected that a single agency could use resources more effectively, and water education activities could consolidate thereby resulting in a single, streamlined message.

LAFCO Staff Recommendation

Given the determinations made in the May 2015 service review, the information outlined above, and the determinations required for a sphere amendment which are discussed below, LAFCO staff recommends that the Commission choose Option 1 - expansion of the sphere of influence to be coterminous with the sphere of influence of the Inland Empire Utilities Agency. This option would allow the Chino Basin WCD to provide its educational service on a larger scale and would allow the district to participate with other agencies for stormwater capture activities outside of its boundary but within its sphere of influence (via contracts with overlying agencies or possible annexation). It would also support the Commission's position that the ultimate unification of the agencies would provide the greatest benefit.

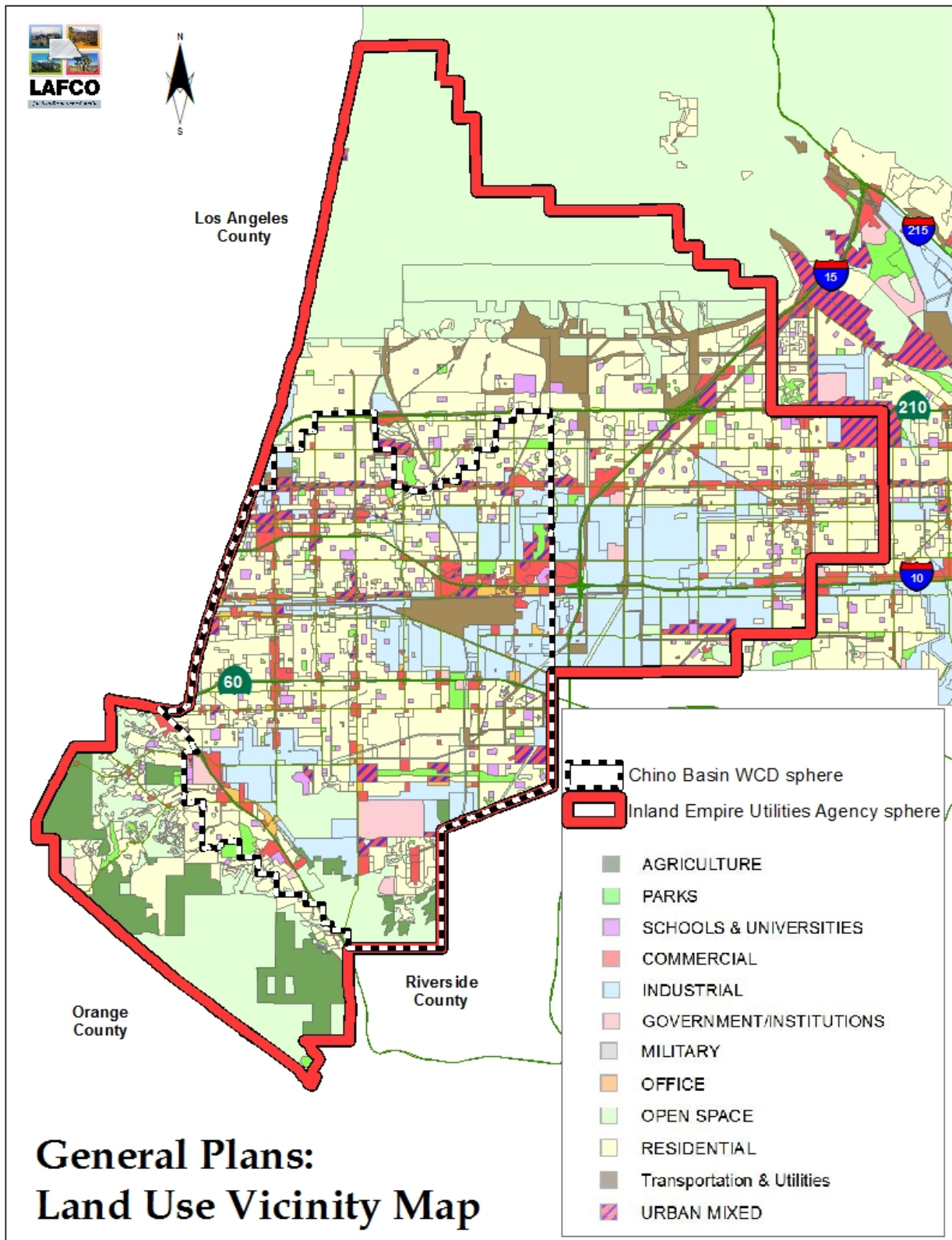
The Chino Basin WCD has provided a letter supporting this option, which is included as Attachment #2 to this report.

FACTORS OF DETERMINATION:

Government Code Section 56425(e) requires that the Commission make a written statement of its determinations on the factors outlined in the statute. The following narrative provides the staff's analysis of these factors, which includes information from the service review conducted in May 2015 titled "Service Review for Water Conservation in the Valley Region".

The present and planned land uses in the area, including agricultural and open space lands:

The map below illustrates the land use designations of the city and county jurisdictions within the sphere of influence of the IEUA – shown in red outline (as this area represents the largest of the three options for Commission consideration from this staff report). As shown, residential, urban mixed, and industrial uses are prevalent in the urbanized areas with commercial interspersed. Parks and Open Space are heavy at the southwestern end.



The present and probable need for public facilities and services in the area;

Present Need

The population within the IEUA sphere and Chino Basin WCD increased 23% and 6%, respectively, from 1990 to 2000. Interestingly, the IEUA sphere grew at a lesser rate from 2000 to 2010 during the construction boom (16% IEUA sphere). The 2015 estimated population is 841,210 (IEUA sphere) and 444,901 (Chino Basin WCD sphere), and projections identify the areas to grow at marked lesser rate of 0.3% annually through 2020.

Population Source	Census			Estimate	Projected			
Year	1990	2000	2010	2015	2020	2025	2035	2045
Valley Region								
IEUA Sphere	569,490	701,527	814,457	841,210	868,145	916,955	1,022,962	1,141,225
Chino Basin WCD	371,836	393,969	431,167	444,901	458,959	484,763	540,806	603,327
sources: 1990, 2000, and 2010 population (U.S. Census) 2014 estimate & 2020 Projected (ESRI) 2025 through 2045 population (SCAG and LAFCO)								

There are generally two basins within the IEUA sphere: Chino and Cucamonga, both of which are adjudicated. The figure below is a summary of the two basins from the Department of Water Resources ("DWR"). As part of the California Statewide Groundwater Elevation Monitoring Program and pursuant to the California Water Code §10933, DWR is required to prioritize California groundwater basins, so as to help identify, evaluate, and determine the need for additional groundwater level monitoring. As identified by the DWR, the Chino Basin has been designated as a High Priority basin (high cumulative ratings as shown in the chart below) and the Cucamonga Basin as a Medium Priority basin for future monitoring. Both share similar population, groundwater reliance factors, and have been impacted from the increasing population.

California Statewide Groundwater Elevation Monitoring Program								
Upper Santa Ana Valley Basin - West Valley								
			DWR Rating (1 = low, 5 = high)					
Sub-Basin	Sq. Miles	2010 Pop.	Pop.	Pop. Growth	GW Reliance	Impacts	Basin Priority	Impact Comments
Chino	242	898,653	4	2	4	3	High	High nitrates and dissolved solids.
Cucamonga	15	51,001	4	1	3.5	3	Medium	High nitrates reported in 14 of 24 wells tested.

For the first time in California's history, urban water suppliers are required to comply with new mandatory restrictions aimed at achieving a statewide 25 percent reduction in potable urban water use. The Governor's Executive Order comes as water supplies continue to decline due to the severe drought gripping the state. The need for water conservation resources has intensified due to this circumstance.

Probable Need

It is not until 2025 that the growth rate is projected to increase. LAFCO uses a 30-year horizon for its population projections, and its analysis in conjunction with Southern California

Associated Governments (“SCAG”) projections provides a projected population of 1.14 million in 2045 for the current IEUA sphere of influence and 603,000 for the current Chino Basin WCD. For the IEUA sphere, which includes the territory of the Chino Basin WCD sphere, the 2045 figure would be roughly twice that of 1990 with an evident corresponding increase in population density.

The population projections identified above do not include the heavy daily business, commercial, education and industrial activities. Further, the transient traffic on Interstates 10 and 15 (two of four interstates that exit Southern California to the east) has significantly increased in volume each decade and is anticipated to continue to do so. All of this signals that the west Valley Region is one of the most densely populated and traveled parts of the state and that the need for water conservation resources will only intensify for the already impacted groundwater basins.

Over the next 25 years, the subject area population is expected to significantly increase. It is paramount that the agencies recognize the need to develop and promote programs that protect existing water resources for the region’s sustainability and future growth. Conservation and the efficient use of water is the most cost-effective source of water supply reliability and are essential to meeting the region’s current and future demand.

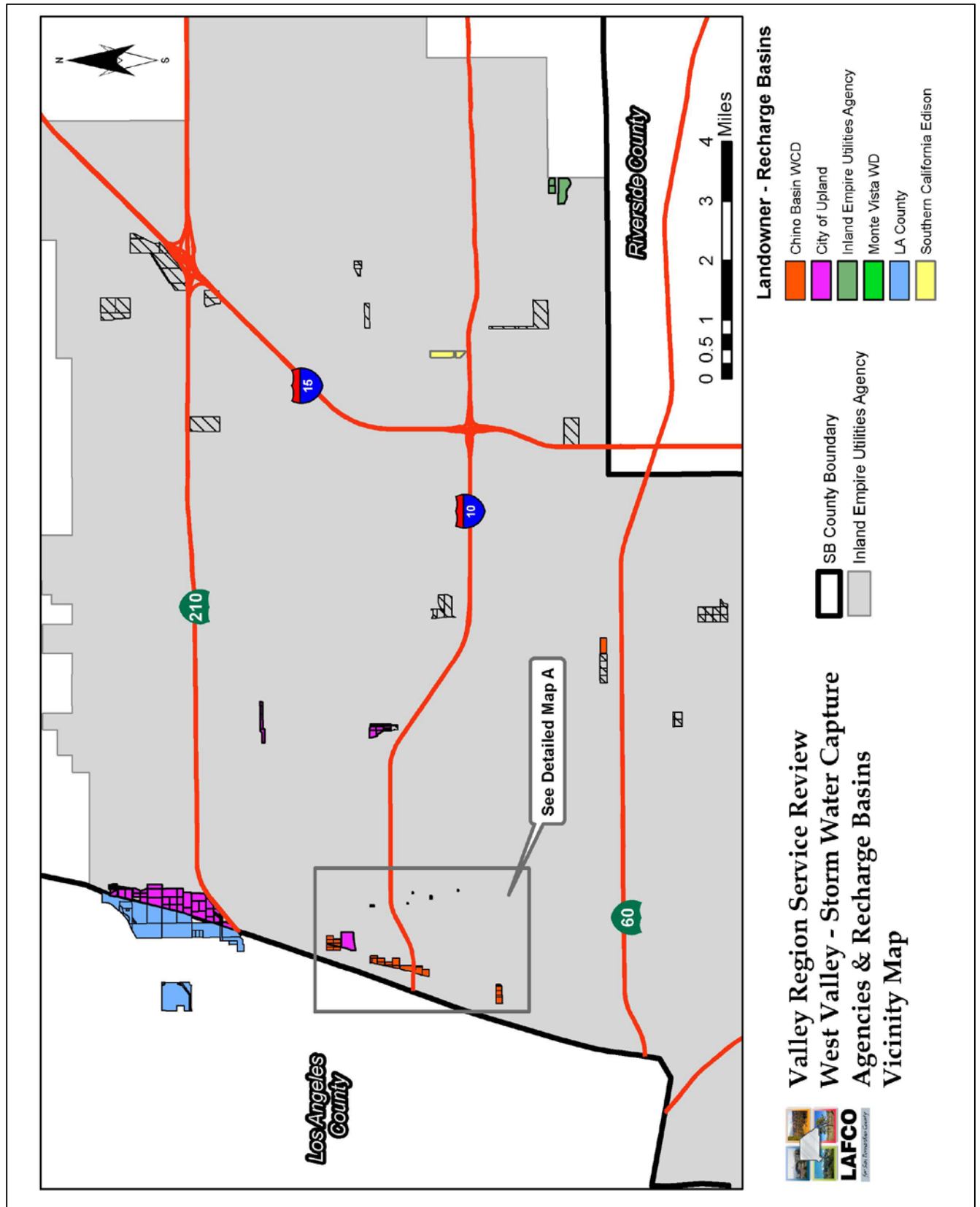
The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;

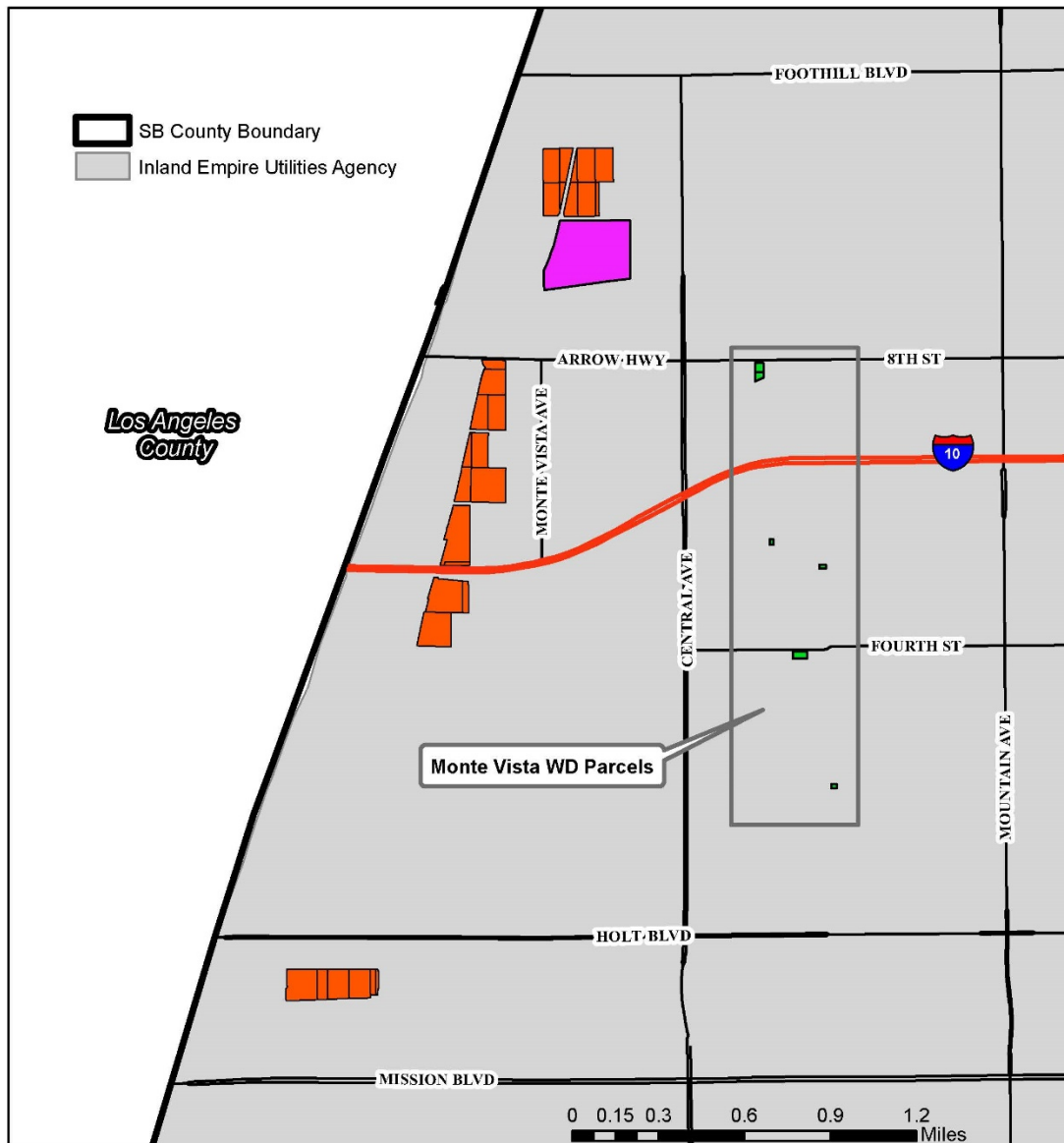
The following agencies actively recharge the groundwater basins (not limited to surface water and stormwater/runoff) or account for recharge within the general West Valley: Chino Basin Water Conservation District, Chino Basin Watermaster (account and implement basin management), Inland Empire Utilities Agency, Monte Vista Water District, and City of Upland. The Inland Empire Utilities Agency encompasses the whole of the agencies under LAFCO purview: Chino Basin Water Conservation District, Monte Vista Water District, and City of Upland. The Chino Basin Watermaster is the court-appointed watermaster for the Chino Groundwater Basin which extends into Los Angeles and Riverside Counties. The adjudicated boundary does not encompass the entirety of the physical boundary, as depicted by the Department of Water Resources. The remaining areas of the physical boundary do not contain significant recharge activities.

Specifically, the Chino Basin WCD actively protects and replenishes its portion of the Chino Basin with rainfall and storm water discharge from the San Gabriel Mountains. Additionally, it provides water conservation education to individuals and organizations within the basin to further promote the efficient use of local water resources.

Surface Water Capture

The maps below illustrate the agencies that actively capture surface and storm water and the associated recharge sites in the West Valley. This first map identifies the landowner of the recharge basins in the West Valley along with a detail map to follow, and the third map identifies the type of recharge (e.g. storm, imported) within the Chino Basin WCD. The Cucamonga Valley Water District generally comprises the Cucamonga Basin (an adjudicated basin), and it does not actively recharge the basin.



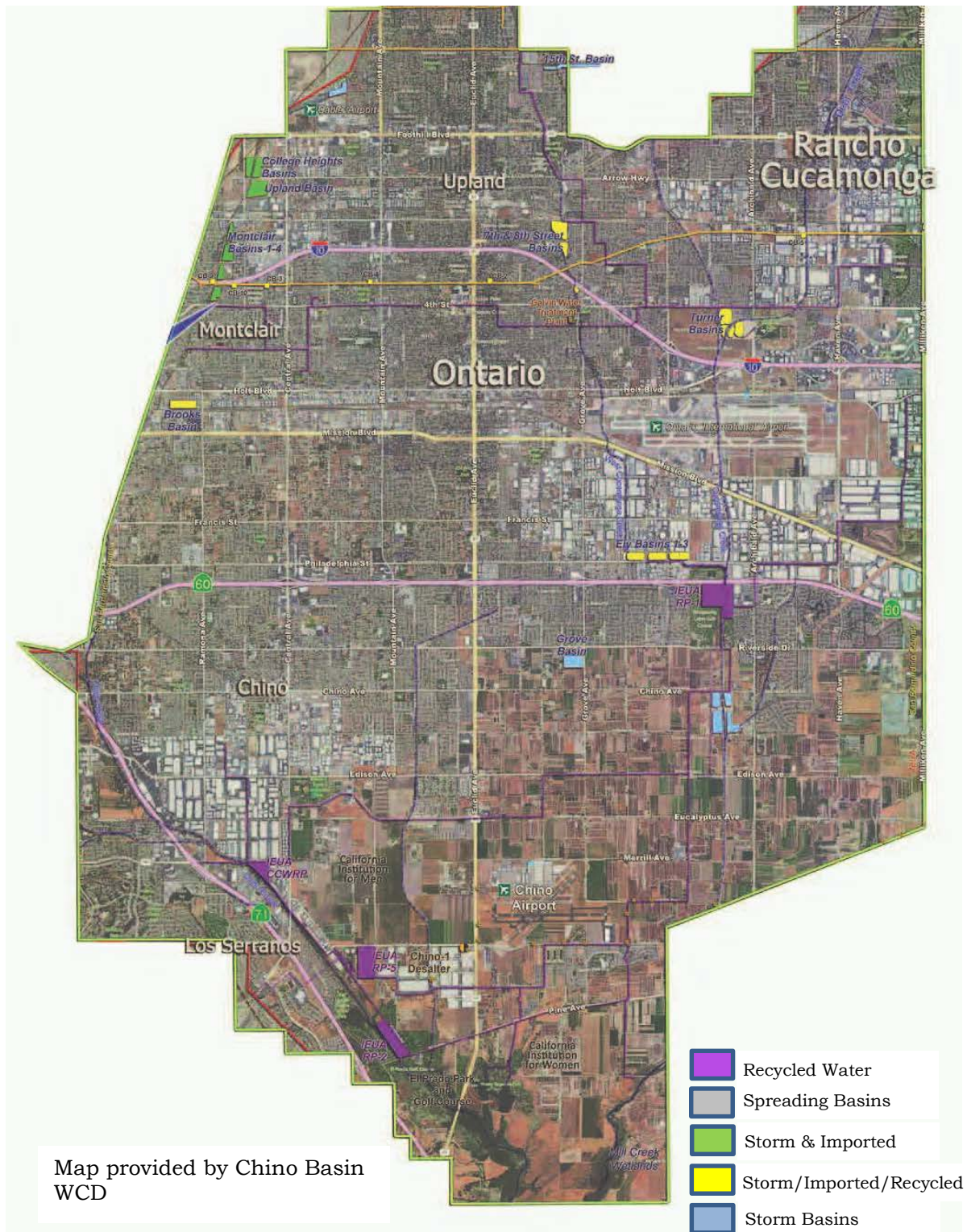


**Valley Region Service Review
 West Valley - Storm Water Capture
 Agencies & Recharge Basins
 Detailed Map A**

Landowner - Recharge Basins

- Chino Basin WCD
- Southern California Edison
- City of Upland
- LA County
- Monte Vista WD

Percolation Basins within Chino Basin WCD



The Groundwater Recharge Master Plan identifies opportunities to use captured water during wet years when surplus water is available. The Agreement for Operation and Maintenance of Facilities to Implement the Groundwater Recharge Master Plan is commonly referred to as the Four Party Agreement, and was entered into by the Watermaster, Flood Control District, Chino Basin WCD, and IEUA to cooperate in a program to implement certain portions of the Recharge Master Plan for the purpose of assuring that the Chino Basin has adequate recharge capabilities to meet its future needs. The effective date of the agreement was January 23, 2003 and continues through December 31, 2032.

The Chino Basin WCD owns eight basins that are used to percolate water from local runoff, imported water purchased by Watermaster parties, and recycled water from IEUA. Five of the basins are located in Montclair, two in Upland, and one in Ontario. The eight basins are described below:

Drainage System, Basin	IEUA Role	CBWCD Role	Storage Capacity (AFY)	Water Recharge Source	Notes
San Antonio Channel Drainage System					
College Heights East	A,B,D,F,H,I,J,L,N	G,M	145	Storm, State Project	No need for E, no infrastructure for C
College Heights West	A,B,D,F,H,I,J,M,N	G,L	126	Storm, State Project	No need for E, no infrastructure for C
Montclair 1	A,B,D,F,H,I,K,M,N	E,G,J,L	134	Runoff, storm, State Project	No infrastructure for C
Montclair 2	A,B,D,F,H,I,K,M,N	E,G,J,L	243	Runoff, storm, State Project	No infrastructure for C
Montclair 3	A,B,D,F,H,I,K,M,N	E,G,J,L	49	Runoff, storm, State Project	No infrastructure for C
Montclair 4	A,B,D,F,H,I,K,M,N	E,G,J,L	97	Runoff, storm, State Project	No infrastructure for C
Brooks	A,B,C,D,F,H,I,K,M,N	E,G,J,L	503	Runoff, storm, recycled, State Project	
West Cucamonga Channel Drainage System					
Ely 3 *	A,B,C,D,F,H,I,J,M,N	E,G,L,K	136	Runoff, storm, recycled	
<p>* Ely #1 and #2 are owned by San Bernardino County Flood Control District.</p> <p>A) Stormwater Passive Capture and Volume Accounting B) Stormwater Active Diversion and Volume Accounting C) Recycled Water Delivery and Volume Accounting D) Imported Water Delivery and Volume Accounting E) Vector Control Coordination F) Weeding Monthly in Areas of Impact G) Landscape and Property Maintenance H) Operate and Maintain GWR Communication Infrastructure I) Operate and Maintain Diversion Infrastructure J) Infiltration Restoration Lead Agency K) Infiltration Restoration - support agency L) Basin grading maintenance - lead agency M) Basin grading maintenance - support agency N) Biologic Surveys and Biological Permitting</p> <p>sources: Chino Basin WCD and IEUA</p>					

As shown above, IEUA plays a significant role in accounting, operating, and maintaining the Chino Basin WCD basins. The outline below summarizes the activity roles from the figure above:

- **IEUA only, all basins**
 - Stormwater passive capture and volume accounting
 - Stormwater active diversion and volume accounting
 - Imported water delivery and volume accounting
 - Weeding monthly in areas of impact

- Operate and maintain communication infrastructure
 - Operate and maintain diversion infrastructure
 - Biologic surveys and biological permitting
- **IEUA only, various basins**
 - Recycled water delivery and volume accounting
- **Chino Basin WCD only, all basins**
 - Landscape and property maintenance
- **Chino Basin WCD only, various basins**
 - Vector control coordination
- **IEUA and Chino Basin WCD, various basins**
 - Infiltration restoration - lead agency
 - Infiltration restoration - support agency
 - Basin grading maintenance – lead agency
 - Basin grading maintenance – support agency

The district's basins from FY 2006-07 through FY 2013-14 captured and recharged an average of 8,325 acre-feet of water. Of the 8,325 acre feet of water captured, the annual average includes 2,225 acre-feet of storm and nuisance water; 1,351 acre-feet of recycled water; and 4,750 acre-feet of imported water. According to the district, utilizing the Metropolitan Water District's Tier 2 treated rate (\$1,032/ac. ft.), the nominal present value of the average captured and recharged water is over \$8,591,400.

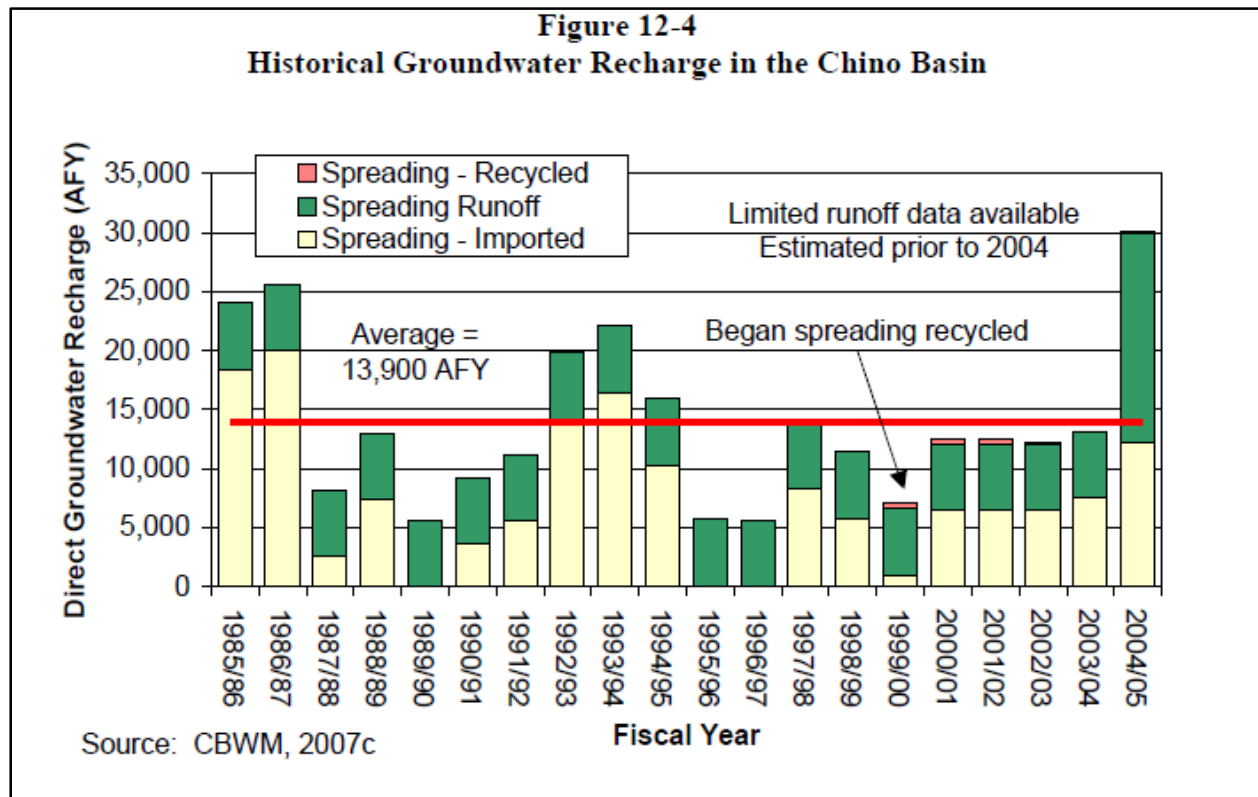
Because storm runoff water represents a potential threat to both residential and commercial property owners, yet is the most economical source for recharge of the Basin water supply, Chino Basin WCD works closely with the Watermaster and the Flood Control District to provide the most effective balance between flood control and water conservation result. As a consequence, a number of Chino Basin WCD land acquisitions and construction projects for water conservation purposes have been made with the Flood Control District and others in mind. Historically, the district has also constructed diversion facilities and improvements to Flood Control District owned basins that help replenish the Chino Basin. Water retained by these facilities would otherwise be lost in flows to the Santa Ana River.

Spreading in the Chino Basin

Imported water, recycled water and runoff (which includes surface water) are currently spread in the Chino Basin. As shown in the figure below, an average of about 13,900 AFY has been spread between fiscal years 1985-86 and 2004-05.¹ About 7,700 AFY has been recharged with imported water from Metropolitan Water District during this time. Runoff recharge was not measured prior to 2004; however, the Watermaster estimates that the historical runoff spread was approximately 5,600 AFY. In fiscal year 1999-00, recycled water began to be recharged in the Ely Basins and, an average of about 300 AFY of recycled water has been recharged in the Chino Basin through 2004-05.²

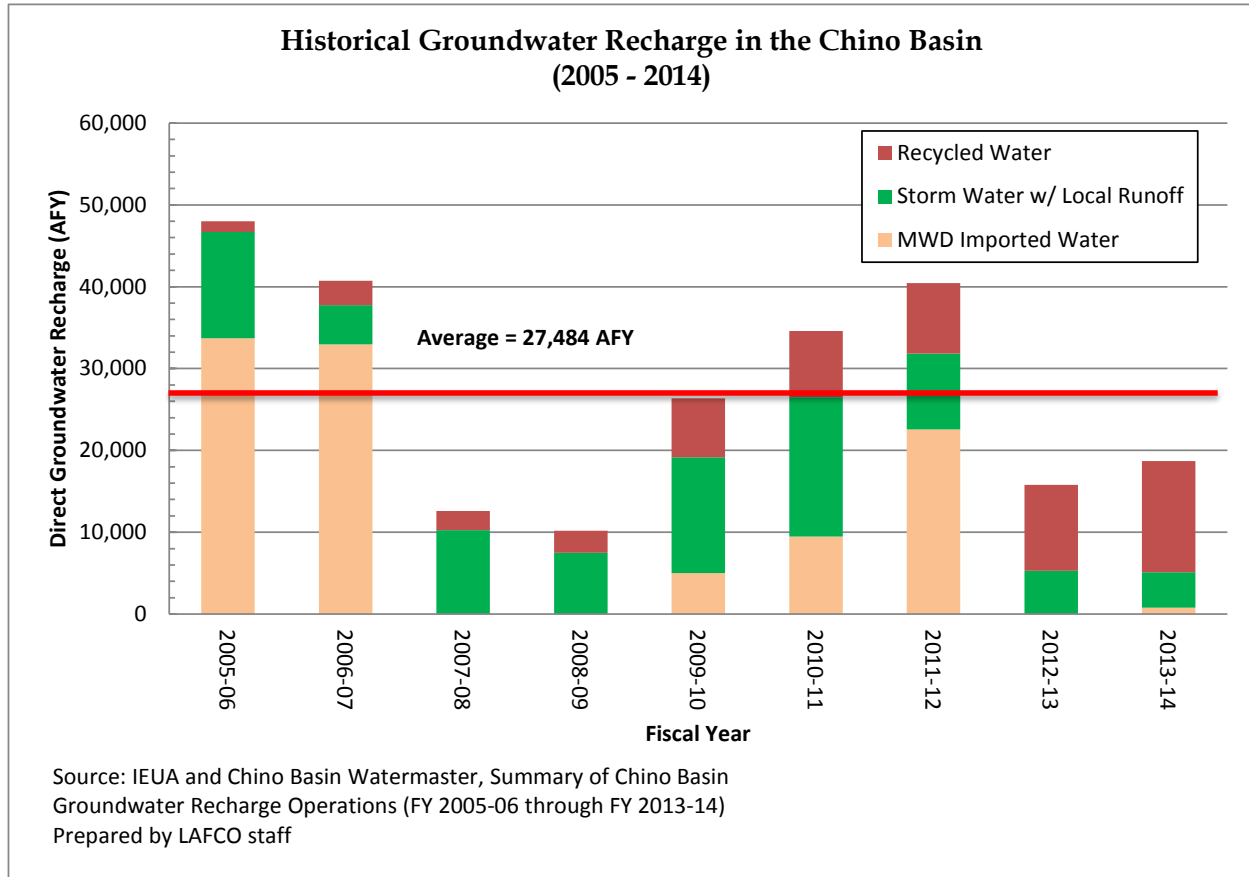
¹ Chino Basin Watermaster, 2007. Recharge data provided 3/28/07. As cited in Metropolitan Water District.

² Metropolitan Water District.



Source: IEUA Recharge Master Plan

Expanding from the above data, 27,484 AFY has been spread from FY 2005-06 through FY 2013-14. Below LAFCO staff has created a figure to illustrate the amount of groundwater recharge from all three sources. As shown, storm water recharge has declined significantly since FY 2010-11 (due to the drought), being less than the storm water recharge average during this timeframe. What was first considered a recharge source to reduce reliance on imported water from Metropolitan Water District, due to the current drought recycled water has now become a necessity for the basin.



SUMMARY OF CHINO BASIN GROUNDWATER RECHARGE OPERATIONS									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Recycled Water	1,304	2,989	2,340	2,684	7,210	8,065	8,634	10,479	13,593
Storm Water w/ Local Runoff	12,999	4,770	10,243	7,498	14,141	17,051	9,266	5,298	4,299
MWD Imported Water	33,705	32,968	0	0	5,001	9,465	22,560	0	795
TOTAL	48,008	40,727	12,583	10,182	26,352	34,581	40,460	15,777	18,687
units in acre-feet									
source: IEUA and Chino Basin Watermaster, Summary of Chino Basin Groundwater Recharge Operations (FY 2005-06 through FY 2013-14)									
Average = 27,484 acre feet/year									

Education and Demonstration

As for water education, the Chino Basin WCD operates a demonstration garden and opened its renovated Water Conservation Center campus in 2014 (although IEUA operates an education park in Chino and the Cucamonga Valley Water District operates a garden within the Cucamonga Basin). The Water Conservation Center includes a landscape design room where one can draft a water wise landscape, classroom that holds 50 people, an educational lobby exhibit and a dedicated classroom building and edible garden area for Children's Education. The newly renovated water-wise demonstration garden features nine demonstration zones with over 300 water wise plant species arranged by type and water

needs. The 1.5 acre garden is open to the public for self-guided or staff guided tours and includes educational signage and demonstration exhibits that teach about water-wise landscaping, efficient irrigation and good maintenance practices. The district site also includes a demonstration parking lot that showcases various permeable pavements and Low Impact Development techniques; and a wilderness park that contains examples of 40 tree species that require low water - both are open to the public. At the Center, the district conducts workshops, hosts public events, accepts and actively pursues field trip visits from schools, and showcases various construction and landscape designs that reduce water consumption. The district taught 24 workshops in 2012-13 and seven in 2013-14, which had an average attendance of 25.

One of the district's longest running programs, an annual Earth Day field trip event, has reached over 25,000 5th graders with water conservation education since 1992. The district also offers daily teaching field trips, focused on water conservation. In addition to these on-site programs, the District runs a water conservation poster contest which received 2,500 entries from 125 classes last year and a grant program that, since 1999, has provided up to \$5,000 for college bound students who are studying towards a career in a water related field.

Landscape Audits

The district administers landscape and irrigation audits in partnership with IEUA and the eight member retail member agencies. Additionally, the district conducts landscape design consultations, and has financially assisted public schools and parks within its boundaries to help offset the costs of onsite irrigation system conversion as a result of connecting to the recycled water system, thus reducing the need for potable water. Chino Basin WCD also provides incentives for public sector schools and parks within its service area. The figure below identifies the district's landscape audit program performance from FY 2007-08 through FY 2013-14.

Chino Basin WCD – Landscape Evaluation and Audit Program

Year	Total Site Audits	Total Irrigated Acreage Audited	Total Potential Water Savings (AF/yr)
FY 07-08	24	36	196
FY 08-09	135	289	782
FY 09-10	105	114	303
FY 10-11	78	86	173
FY 11-12	114	64	71
FY 12-13	48	14	49
FY 13-14	83	15	38

Source: IEUA, Annual Water Use Efficiency Programs Report, FY 2013-14

Conservation Contracts with IEUA

Other agencies contract with Chino Basin WCD to provide conservation programs on its behalf. Documents provided by the district identify IEUA as the main agency that contracts with the district to carryout efforts to reduce consumer consumption. Below is a summary of the current contracts between Chino Basin WCD and IEUA.

- Implementation and Completion of Landscape Audits for Customer Sites Currently Identified as Potentially Significant Water Conservation Candidates within the IEUA Service Area.
 - Contract Date: September 2010
 - Latest Amendment Date: August 2014
- Residential Landscape Training Program
 - Contract Date: January 2011
 - Latest Amendment Date: August 2014
- Dedicated Irrigation Landscape Meters Water Budget Program
 - Contract Date: December 2012
 - Latest Amendment Date: August 2014
- Implementation and Completion of Landscape Transformation Services for Customer Service within the IEUA Service Area
 - Contract Date: July 2013
 - Completed July 2014
- Garden in Every School Program Services within the IEUA Service Area
 - Contract Date: September 2013
 - Latest Amendment Date: November 2014

Qualified Water Efficient Landscaper Certification Program

The Qualified Water Efficient Landscaper (QWEL) Program (developed by the Sonoma Saving Water Partnership and the Environmental Protection Agency) provides landscape professionals with 20 hours of education on principals of proper plant selection for the local climate, irrigation system design and maintenance, and irrigation system programming and operation. QWEL certification is a valuable tool for consumers to be able to select landscape and maintenance professional who understand and have value for water and resource conservation. Seven district staff are QWEL certified and can teach the class to others. The District has received QWEL Board and EPA certification as an adopter of the QWEL program and as an EPA WaterSense Labeled Professional Certification Program provider.

IEUA

In 2009, IEUA worked with its member agencies, to create a Regional Water Use Efficiency Partnership Workgroup. The Workgroup initiated an eight-step process that resulted in the creation of a regional Water Use Efficiency Business Plan to guide its future conservation efforts. The purpose of the Plan is to create the strategy to meet the region's per capita water demand goals. The Plan also identifies cost-effective water use efficiency programs to be implemented in order to achieve regional conservation goals. These programs place a strong emphasis on landscape irrigation efficiency since landscape water use represents a significant portion of the total water demand for the IEUA service area.

IEUA is a member of the Metropolitan Water District of Southern California which provides rebates to Commercial, Industrial, and Institutional ("CII") customers for various water saving technologies through the Save a Buck Rebate Program and Public Sector Program.

Each year, IEUA prepares a comprehensive water-use efficiency report (Annual Water Use Efficiency Programs Report) which tracks the progress that has been made against the goals and objectives, identified in its long-term Water-Use Efficiency Plan. Member agencies receive service area specific data, which serves as a roadmap for developing the next annual budget and assists in evaluating overall program performances. Since 2004, IEUA has reached over 19,000 students with its Garden in Every School program, which educates the school, family, and community about water-wise usage through a garden landscape, featuring drought tolerant plants and efficient irrigation.

IEUA operates the Chino Creek Wetlands and Educational Park located adjacent to the IEUA headquarters in Chino. The park consists of 22 acres that have been landscaped with a wide variety of “California Friendly” trees and grasses and features a state-of-the-art irrigation management system. The park serves as a demonstration area for the community on improving water supply, storm water treatment and water efficiency. The Park’s Water Discovery program has received a total of 212 field trips with 10,890 students since the inception of the program. In addition to the field trips, 7,266 community members and 4,384 students have taken part in IEUA’s annual Earth Day celebration since 2007.

Cucamonga Valley Water District

The Cucamonga Valley Water District and the Frontier Project operate demonstration gardens which are open to visit each weekday. The gardens provide information on water wise landscaping and feature over 100 water savvy plants. Additionally, the district provides landscape consultations for the homes of district customers to identify water waste in the home’s landscape. Each spring, the district hosts a Water Savvy Garden Tour (previously Landscape Tour) to educate residents about the beauty and benefits of water saving landscapes. Since its inception in 2009, the Water Savvy Garden Tour has educated over 600 residents on how they can make changes in their yards to use water efficiently.

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency;

Within the existing sphere of influence for the Inland Empire Utilities Agency (Option 1), are the following social communities of interest: Cities of Chino, Chino Hills, Fontana (western portion), Montclair, Ontario, Rancho Cucamonga, and Upland; and unincorporated territory. Additionally, there are generally two basins within the IEUA sphere: Chino and Cucamonga, both of which are adjudicated.

Economic communities of interest are vast and varied. To illustrate this point, the subject area includes heavy business, commercial, education, and industrial activities, as well as an international airport. Further, the transient traffic on Interstates 10 and 15 (two of four interstates that exit Southern California to the east) has significantly increased in volume each decade and is anticipated to continue to do so. All of this signals that the area is one of the most densely populated and traveled parts of the state.

AUTHORIZED POWERS:

When adopting or amending a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). LAFCO staff recommends that the Commission affirm the service description for Chino Basin WCD as identified in the *LAFCO Policy and Procedure Manual, Section VI, Chapter 3: Listing of Special Districts within San Bernardino LAFCO Purview - Authorized Functions and Services*, as follows:

**Chino Basin Water
Conservation District**

Water Conservation

Groundwater replenishment and water conservation activities, which include water conservation education services

ENVIRONMENTAL CONSIDERATIONS:

The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has indicated his recommendation that the review of LAFCO 3192 is statutorily exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the finding that the sphere amendment as a planning boundary is not judged to pose any adverse changes to the physical environment. Therefore, the sphere amendment is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). A copy of Mr. Dodson's analysis is included as Attachment #4 to this report.

CONCLUSION:

The Chino Basin WCD does not encompass the entire Chino Basin nor does it encompass all of the San Bernardino County portion of the Basin. Being that the scale and scope of the education activities have the capability to extend beyond the district's boundaries, overlying agencies (both wholly within and larger than the district) contract with the Chino Basin WCD to provide demonstration and education.

Given the determinations made in the May 2015 service review, staff's analysis for this sphere amendment, and the determinations required for a sphere amendment which are discussed in this report, LAFCO staff recommends that the Commission choose Option 1 - expansion of the sphere of influence to be coterminous with the sphere of influence of the Inland Empire Utilities Agency. This option will provide the framework for the district to have a greater role in recharge planning and the opportunity to expand its education activities outside of its boundary but within its sphere of influence. The Chino Basin WCD has provided a letter supporting this option, which is included as Attachment #2 to this report.

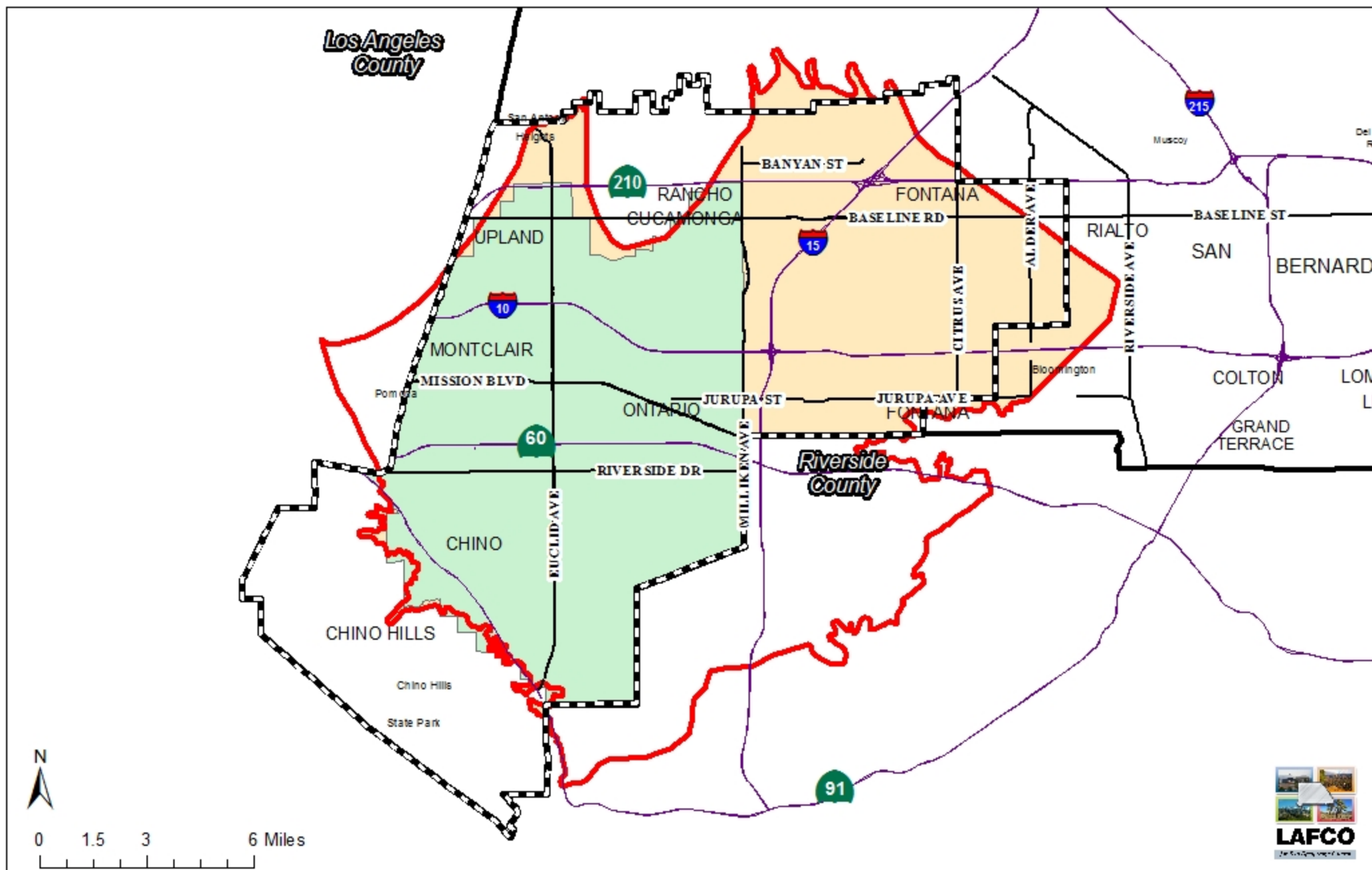
KRM/MT

Attachments:

1. Maps of the Three Sphere of Influence Options for Chino Basin WCD
2. Letter dated August 31, 2015 from Chino Basin Water Conservation District
3. Service Review for Water Conservation in the Valley Region (May 2015) with links to Attachments (accessible from digital copy)
4. Letter from Tom Dodson of Tom Dodson and Associates
5. Draft Resolution No. 3203

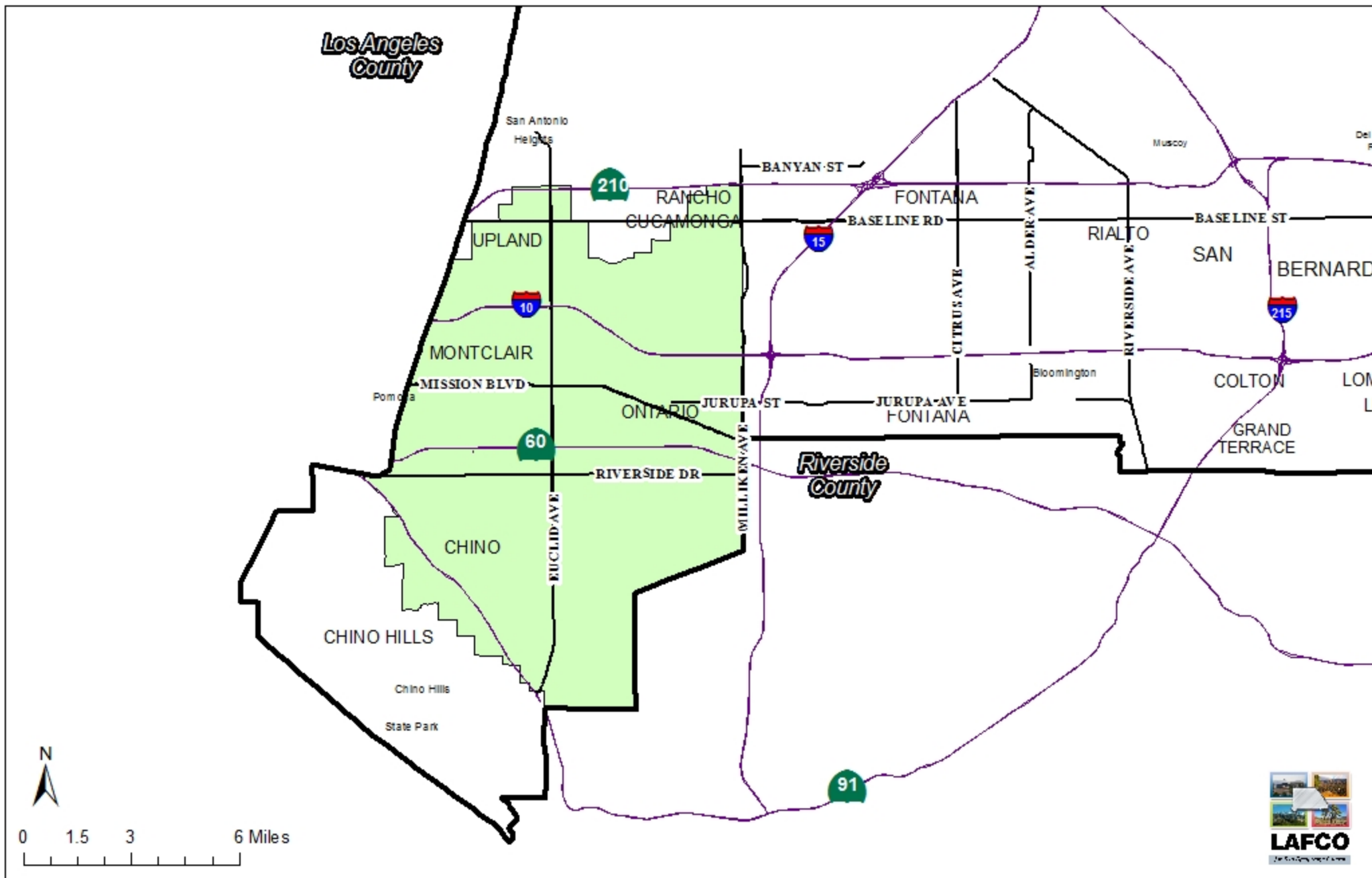
Maps of the Three Sphere of Influence Option for Chino Basin WCD

Attachment 1



LAFCO 3192 - Sphere of Influence Amendment for the Chino Basin Water Conservation District

Option 2 – Expansion to Encompass the Chino Groundwater Basin in San Bernardino County



LAFCO 3192 - Sphere of Influence Amendment for the Chino Basin Water Conservation District

Option 3 - Zero Sphere of Influence

- Chino Basin WCD Boundary & Sphere (Current)
- County Boundary
- Proposed Zero Sphere Designation (Option 3)

**Letter Dated August 31, 2015 from
Chino Basin Water Conservation District**

Attachment 2



CHINO BASIN WATER CONSERVATION DISTRICT

4594 SAN BERNARDINO ST ~ MONTCLAIR, CA 91763
WWW.CBWCD.ORG ~ PHONE 909-626-2711 ~ FAX 909-626-5974

August 31, 2015
Ref No: 2015-780
(Sent via email and hardcopy via U.S. Postal Service)

RECEIVED
SEP 02 2015

LAFCO
San Bernardino County

James V. Curatalo, Chair
c/o San Bernardino Local Agency Formation Commission
215 North D Street, Suite 204
San Bernardino, CA 92415-0490

Re: LAFCO 3192 – Letter of Support for Expansion of CBWCD Sphere of Influence Coterminous with IEUA Sphere of Influence

Dear Chairman Curatalo:

On behalf of the Chino Basin Water Conservation District (CBWCD), I would like to express CBWCD's appreciation to you, the full Commission, and your staff for the very thorough and well-researched Municipal Service Review (MSR) report prepared for "Water Conservation in the Valley Region." It is our understanding that, as follow-up to the MSR and the Commission's adopted MSR determinations, the Local Agency Formation Commission (LAFCO) will be considering an update to the sphere of influence (SOI) for CBWCD (LAFCO 3192) at a public hearing that is scheduled for September 16, 2015. CBWCD supports expansion of its SOI to be coterminous with the Inland Empire Utility Agency's (IEUA) SOI.

Expansion of CBWCD's SOI recognizes and validates the value that CBWCD's "Water Conservation Educational Strategy" provides to a broader base of communities and agencies in the Valley Region, including school districts, and not only to CBWCD's jurisdictional boundaries. In fact, the timing of expansion of CBWCD's SOI coincides with and supports CBWCD's internal business planning and strategic development efforts that are already taking place. Our Board and staff are focused on scaling and building greater internal and external capacity in the agency to structurally and financially meet a growing need and desire by our partner agencies to create greater behavioral awareness and education among their constituents about water conservation practices that are cost-effective and impactful to statewide water conservation goals and statutory requirements. These efforts build upon the major capital investments CBWCD has made during the past seven years to build and use its own facilities as an education center and demonstration site that is broadly used in the region by schools, local organizations, builders, landscapers, and the general public.

DIRECTORS

TERENCE M. KING ~ Division 1
PAUL HOFER ~ Division 4
GEOFFREY VANDEN HEUVEL ~ Division 7

KATI OOTEN PARKER ~ Division 2
AL YOAKUM ~ Division 5

MARGARET HAMILTON ~ Division 3
HANIF GULMAHAMAD ~ Division 6

OFFICERS

KATI OOTEN PARKER ~ President
EUNICE ULLOA ~ Executive Director / Secretary to the Board

PAUL HOFER ~ Vice President

GEOFFREY VANDEN HEUVEL ~ Treasurer

DISTRICT COUNSEL WILLIAM BRUNICK

August 31, 2015-08-28

Ref No. 2015-780

Subject: LAFCO 3192 – Letter of Support for Expansion of CBWCD Sphere of Influence Coterminous with IEUA Sphere of Influence

We are simultaneously investing in external relationships and are reaching out to key partner agencies/organizations in the Valley Region, including IEUA, who we can collaborate and jointly leverage resources to achieve the greatest good for all agencies and water users in the region, both through our Water Conservation Educational Strategy and other basin recharge and management activities. In fact, our external discussions are focused on how we can further expand our educational services to communities and agencies in whole, rather than offering services to only portions of a community or agency. Our current SOI and jurisdictional boundaries bifurcate five school districts. An expanded SOI that is coterminous with IEUA's SOI will ultimately allow us to reach additional K-12 schools in the remaining portions of those school districts. Since the expanded SOI would still bifurcate some school districts, we believe that, at some future date, our SOI and service boundaries should ultimately align with school district boundaries to provide a more logical service boundary that aligns with our core mission of water conservation education targeted at K-12 students and the communities they live in.

We also concur with LAFCO staff that there may be both near-term and long-term opportunities for shared resources, services, and facilities with other agencies, whether through a joint powers agreement or other arrangement. We support such partnership opportunities but oppose any proposals or recommendations for consolidation or reorganization of CBWCD with another agency.

Thank you again for recognizing the value that CBWCD's programs and operations provide to the region. We look forward to seeing and addressing you and the rest of the Commission at the September 16, 2015 LAFCO meeting. If you, the Commission, or LAFCO staff have any questions or concerns in the meantime, please do not hesitate to contact our Executive Director, Eunice Ulloa, at (909) 267-3220 or eulloa@cbwcd.org.

Respectfully,



Kati Ooten Parker,
President

cc: LAFCO Commissioners

Kathleen Rollings-McDonald, Executive Officer, San Bernardino LAFCO
CBWCD Board of Directors

**Service Review for Water
Conservation in the Valley Region
(May 2015)**

**(attachments on internet, accessible via
links from digital staff report)**

Attachment 3

Service Review for Water Conservation in the Valley Region



LAFCO

for San Bernardino County

May 2015

Table of Contents

Executive Summary.....	2
Service Review Determinations.....	2
Continued Monitoring of the Districts by LAFCO.....	7
Introduction	9
Service Review for Valley Region	20
Determination I.	21
Determination II.	27
Determination III.	29
Determination IV.....	77
Determination V.....	100
Determination VI.....	106
Attachments.....	123

Executive Summary

Introduction

In 2013 the Local Agency Formation Commission (“LAFCO”) for San Bernardino County initiated its second cycle service reviews undertaking them on a regional service perspective rather than the prior community-by-community approach. This initiation included the development of a Fiscal Indicators database to be used in the service review analysis as well as placing the information on the LAFCO website to provide background information to the public. The development of this program required sometime to complete and the service reviews did not move forward during this period.

During the same time period, the San Bernardino Valley Water Conservation District initiated by Board resolution an application to amend its zero sphere designation and provide for a return to its prior sphere including the territory of the Santa Ana River easterly of the I-10/I-215 interchange. Due to overlap and complexity on the subject of water and the submission of an application from the San Bernardino Valley Water Conservation District (hereafter shown as SB Valley WCD), the LAFCO service review schedule for the Valley Region has two service reviews on the water subject – one service review for water conservation and another service review for wholesale, retail, and recycled water. The next service review scheduled will encompass wholesale, retail, and recycled water which will complement this water conservation service review.

All communities and water agencies are facing increasing challenges and opportunities in their role as stewards of water resources in the region. Increased environmental regulations, drought, and competition for water from outside the Valley Region have resulted in reduced supplies of imported water. Although the rate of regional population and economic growth has slowed due to the declined economy, water demand is still projected to rise, but at a slower rate, thus putting an even larger burden on local supplies.

Service Review Determinations

LAFCO staff responses to the requirement for written statements of the determinations outlined in Government Code 56430 for a service review are summarized below and incorporate the districts’ responses and supporting materials.

Determination I - Growth and population projections for the affected area

Within San Bernardino County, the Valley Region is the most densely populated area, with 73% of the population within it, but accounting for only 2.5% of the county’s land area. Based on these figures, the estimated population density of the Valley Region is approximately 2,977 persons per square mile, which is similar to neighboring Los Angeles and Orange Counties.

The 2014 estimated population is 1.5 million, and projections identify the Valley to grow at a rate of 0.3% annually through 2020. It is not until 2025 that the growth rate is projected to increase. LAFCO uses a 30-year horizon for its population projections, and

its analysis in conjunction with Southern California Associated Governments ("SCAG") projections provides a projected population of 2.1 million in 2045. The 2045 figure would be roughly twice that of 1990, with presumably twice the density overall.

The population projections do not include the heavy daily business, commercial, education and industrial activities. Further, the transient traffic on Interstates 10 and 15 (two of four interstates that exit Southern California to the east) has significantly increased in volume each decade and is anticipated to continue to do so. All of this signals that the Valley Region is one of the most densely populated and traveled parts of the state and that conjunctive use of water resources will only intensify for the already impacted groundwater basins.

Determination II - The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

The Valley Region as defined by LAFCO contains 75 square miles of unincorporated territory (15% of the Valley Region). Of that 75 square miles of unincorporated territory, 32 square miles (or 43%) is classified as a disadvantaged community; although some of that area includes government-owned, open space, or park land.

Determination III - Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs and deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence

Integration of flood and stormwater management strategies with recharge and conjunctive use opportunities contributes to water supply reliability in the region. The San Bernardino Valley region has been significantly urbanized over the past several decades and the area continues to grow with numerous in-fill development projects. As the amount of impervious surface increases with urbanization, the runoff, and, therefore, storm and flood flows are also increasing. Without adequate flood control systems to capture and contain these surface waters for recharge, the opportunities for water supply, water quality, and environmental improvement are greatly lessened or lost. Therefore, formulating strategies to further capture storm runoff and use it for recharge of the groundwater basins will provide both flood management and water supply benefits to the region.

As identified by the Department of Water Resources, the Chino Basin, Bunker Hill, and Riverside-Arlington basins have been designated as High Priority basins and the other basins as Medium Priority basins for future monitoring. Within the Chino Basin, storm water recharge has declined significantly since FY 2010-11 (due to the drought), being less than the storm water recharge average during the previous 10 years. Recycled water was first considered a recharge source to reduce reliance on imported water from the Metropolitan Water District of Southern California. However, due to the current drought and restrictions placed upon the State Water Project, recycled water has now become a necessity for the basin. In the San Bernardino Basin Area, groundwater storage is now at the lowest level in recorded history, easily surpassing the previous low

point in 1964, which took place at the end of a 20-year drought. In turn, multiple recharge and recovery projects are moving forward to be able to capture and use as much of the local supply as possible in order to lessen reliance on the State Water Project.

In response to efforts to reduce consumer consumption, the two water conservation districts in the Valley are neither 1) responsible for the demand reductions required by the Water Conservation Act of 2009 (10% demand reduction by 2015 and 20% by 2020), nor 2) responsible for helping the retail agencies within their respective boundary achieve their water use reductions as the water conservations districts are not “urban wholesale water providers”. The Inland Empire Garden Friendly program was developed by the four major water suppliers of western Riverside and San Bernardino counties with cooperation from a university institute, conservation district and local botanic garden. The Inland Empire Garden Friendly program was created to assist consumers in locating and learning about climate-appropriate plants for the Inland Empire.

Specific to the West Valley portion of the region, the Chino Basin WCD has long provided water conservation sustainability services to its constituents through demonstration and education and it provides this service well. To further its demonstration and education service, it opened its Water Conservation Center campus in 2014. However, the service of Chino Basin WCD is limited to within its boundary which encompasses only a portion of the Chino Basin. Chino Basin WCD has received QWEL (Qualified Water Efficient Landscaper Board) and EPA certification as an adopter of the QWEL program and as an EPA WaterSense Labeled Professional Certification Program provider. QWEL certification is a valuable tool for consumers to be able to select landscape and maintenance professional who understand and have value for water and resource conservation. Seven district staff are QWEL certified and can teach the class to others.

For the East Valley portion of the region, the SB Valley WCD currently budgets very limited funding toward conservation education and outreach efforts. Instead, it focuses on water recharge efforts in cooperation with other agencies such as providing school and other outreach through Inland Empire Resource Conservation District. Additionally, SB Valley WCD actively supports and helps fund the iEfficient initiative, leads a Basin Technical Advisory Committee subcommittee for landscape education for implementing the qualified water efficient landscaper program (QWEL), and has a certified trainer on staff.

Determination IV - Financial ability of agencies to provide services

The Chino Basin WCD has a high unassigned fund balance that seems disproportionate to the services the district provides. MUNI had an unrestricted Net Position of \$108 million at June 30, 2013, a substantially high figure. The Board of Directors has designated \$18 million of this reserve to be retained for the purpose of self-insuring the district against any claims made against it.

SB Valley WCD has recently come out of a difficult financial time which began in 2008 and continued through 2011. This situation mirrored the overall economic slow-down; however, the effect on the district was more severe because all sources of its revenues were impacted at the same time. Since this time the district has revised its financial structure, reduced costs and implemented various policies that will reduce the likelihood and severity of these occurrences in the future. The district implemented cost reductions documented in the annual budgets including the reduction from seven to five divisions for the board of directors as allowed by special legislation (SB-235). In 2011 and 2012 the Groundwater Charge was increased by 25% and 15% respectively to allow the groundwater fund to raise adequate revenue to operate the facilities within its financial ability without subsidy from the district reserves or other enterprises. The district has high liquidity, no long-term debt, and meets its service obligations (after capital projects). Therefore, a high unassigned fund balance seems disproportionate to the services the district provides. In response to the review of the draft staff report, SB Valley WCD has provided additional information that identifies that it has a counter-cyclic revenue and expense cycle and that without accumulating this reserve rates would be highly variable. The District has also identified that it is presently designing capital improvements which will use much of the reserve attributed to groundwater. Should the district desire to actively provide habitat management and enhancement (related to the Wash Plan) beyond its own properties, it would need to receive special legislation to expand the scope of its authorized activities as well as submit an application to LAFCO to request authorization to provide said service under the provisions outlined in Government Code Section 56824.10 et seq.

Chino Basin WCD, IEUA, and MUNI are subject to an appropriations limit as outlined in the State Constitution. San Bernardino Valley WCD is not subject to the appropriations limit as it was determined to be exempt due to its limited tax rate in 1977-78. IEUA and MUNI annually adopt the limit as part of its budget process. A review of the audits for IEUA and MUNI does not identify a review of the annual calculation of the limit as required by the Constitution. LAFCO staff recommends that IEUA and MUNI include this requirement in future audits. Chino Basin WCD established its appropriations limit on January 12, 2015 and has indicated it will be reviewed in future audits.

Determination V - Status of, and opportunities for, shared facilities

Throughout the Valley Region there are numerous partnerships between Flood Control District, the municipal water districts, and the water conservation districts for storm water capture. This symbiotic relationship produces both economies of scale and duplication of service. As long as there are multiple agencies authorized to provide stormwater capture the opportunity to share facilities will remain.

Determination VI - Accountability for community service needs, including governmental structure and operational efficiencies

Within at least the past ten years, the two water conservation districts have not consistently yielded enough candidates for the board of directors to field competitive elections. This has resulted in the majority of the seats being filled by appointments in lieu of election. The elections for the Municipal Water Districts are more competitive:

IEUA has had an election for at least one board member in eight out of the last ten election cycles; and MUNI has had an election for at least one board member in seven out of the last ten election cycles.

Given the determinations of this service review, LAFCO staff's position is that one of two options should be supported by the Commission: (1) the consolidation of the two Water Conservation Districts into a single Water Conservation District serving the entirety of the Valley region and bringing the educational opportunities to a much broader constituency, or (2) two water conservation districts should consolidate with its respective overlaying municipal water district.

The first scenario of a single Water Conservation District encompassing the Valley has not been supported by any of the districts citing such concerns as separate basin activities and resources to the location of operations and governance. While this scenario would provide direct control of the consolidation process by the Water Conservation Districts and provides for a means to extend the conservation educational elements to all of the urban valley region, it appears that it has been discounted by all involved in the study. Without support from some quarter of the affected agencies, success would not be anticipated.

Turning to option two, consolidation with the respective Municipal Water Districts, for SB Valley WCD, a proposed consolidation of the SB Valley WCD and the San Bernardino Valley Municipal Water District was denied by LAFCO on the basis that the financial and structural issues identified by staff were being addressed by the District and consolidation would not offer an assurance of the continued services. During the processing of this service review, both the SB Valley WCD and MUNI have outlined their reluctance to consolidate given the contentious nature of the previous process and the deep and painful wounds that linger. However, as a part of this service review these agencies, along with East Valley Water District, have submitted an outline to form a Groundwater Sustainability Council ("Council") for stormwater capture, water import funding, and groundwater recharge which they are circulating to the east valley retailers. This effort proposes a means or mechanism to coordinate key functions and shared services and facilities, absent formal consolidation. The Council would be the responsible entity for ensuring adequate stormwater capture, imported water funding, and groundwater recharge efforts. The Council would be composed of the general managers of the water producers from the basin. While this scenario does not achieve consolidation it moves toward shared services and facilities, and it provides a means to move towards more efficient provision of this service in the East Valley area. While not the preferred method for service provision, LAFCO staff would support this option absent a desire for consolidation by the agencies. The one caveat with the structure is that the general managers form the council rather than elected officials which does not allow for a true functional consolidation as a joint powers authority would. Given the proviso identified above, LAFCO staff supports this effort and in doing so recommends that the Commission modify LAFCO 3173 to evaluate the alternative of modifying the SB Valley WCD's sphere of influence to be more in line with the Council's proposed efforts.

For the West Valley, efforts and sentiments to dissolve the Chino Basin WCD date back to at least 1969 based on the reasoning that the district's functions and services could be assumed by an overlying agency that has the same authorized functions and services (IEUA or Flood Control District). Given the information gathered and the determinations of this service review, LAFCO staff's position is that the best option for continuing the level of service currently offered for the entire West Valley would be for the Chino Basin WCD to consolidate with the IEUA. Should these districts not desire to put forth an application to LAFCO, the formation of an alliance, joint powers authority, or council similar to that as being proposed in the East Valley, as identified above, would move towards achieving greater economies of scale. Therefore, LAFCO staff recommends that the Commission initiate a sphere of influence proposal to evaluate an expansion of the Chino Basin WCD's existing coterminous sphere.

In order to address these recommendations, LAFCO staff is proposing that the Commission:

- Initiate a sphere of influence review for the Chino Basin Water Conservation District to include analysis of the following alternatives:
 - Expansion of the sphere of influence to be coterminous with the sphere of influence of IEUA;
 - Expansion to include the whole of the Chino Basin; or,
 - Designation of a zero sphere of influence.
- Modify LAFCO 3173 to include the analysis of the following alternatives for consideration:
 - Expansion of the sphere of influence to be coterminous with the sphere of influence of MUNI,
 - Include the whole of the Bunker Hill Basin, or
 - The request initiated by the District to expand the sphere of influence from its current zero sphere designation to include the district's boundary plus an additional 1,973 acres.

Continued Monitoring of the Districts by LAFCO

This service review identifies areas where the districts fail to comply with the State Constitution, State Law, and generally accepted good-governance practices. LAFCO staff recommends that the Commission determine that continued monitoring of the districts is warranted and that LAFCO staff be directed to return to the Commission every six months until all of the items below are satisfied.

Inland Empire Utilities Agency and San Bernardino Valley Municipal Water District

Section 1.5 of the State Constitution reads that the annual calculation of the appropriations limit (Gann Limit) for each entity of local government shall be reviewed as part of an annual financial audit. A review of the audits for IEUA and MUNI does not identify the annual calculation of the limit. LAFCO staff recommends that these agencies include this requirement in future audits.

Chino Basin Water Conservation District

Chino Basin WCD administers landscape and irrigation audits in partnership with IEUA and the eight member retail member agencies, and other agencies contract with the district to provide conservation programs on its behalf outside the Chino Basin WCD boundary.

Pursuant to Government Code Section 56133, LAFCO is charged with the responsibility for reviewing and taking action on any city or district contract to extend service outside of its jurisdiction. Even though the district's parent act, Water Conservation District Law of 1931, does not explain this circumstance, Section 56133 subjects all those agencies under LAFCO purview to this requirement. However, the law provides for exemptions and one such exemption is for contracts or agreements solely involving two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

Should it be necessary to request an exemption on the basis of two government agencies contracting for service, LAFCO staff recommends that the district submit an application to LAFCO requesting an exemption under Government Code 56133(e) in order to provide service outside of its jurisdiction.

Introduction

LAFCO Authority

In 2000, state legislation designated Local Agency Formation Commissions as the agency to conduct a review of municipal services within each county.¹ Having jurisdiction for the largest county in the continental United States, the Local Agency Formation Commission for San Bernardino County (“LAFCO”) has adopted a policy to conduct its service reviews on a regional basis. The initial round of service reviews for the Valley Region were conducted between 2002 and 2004 and were organized by community.

A service review is a comprehensive review to inform LAFCO, local agencies, and the community about the provision of municipal services. Service reviews attempt to describe and analyze information about service providers and to identify opportunities for increased effectiveness and efficiencies of service delivery. The service review can work in conjunction with a sphere of influence determination and may also guide (not require) LAFCO to take other actions under its authority. LAFCO, local agencies and the community may then use the service review to consider potential proposals to LAFCO (i.e. annexations, consolidations).

Second Round of Service Reviews

For the second round of service reviews, LAFCO is reviewing each region of the County (Valley, North Desert, South Desert, and Mountain) by service. This is the first service review of the second round for the Valley region, defined by the Valley Service Zone of the San Bernardino County Fire Protection District, generally described as extending from the Los Angeles and Orange County Lines eastward to Oak Glen, from the Riverside County line northward extending beyond the National Forest Boundary. Note that the Valley description is general and does not preclude the review from extending beyond the described boundary.

Two Service Reviews for Water

The topic and service of water is multi-faceted which includes overlap of subject matter and agencies that provide a variety of water-related services. For example, groundwater recharge operations include surface water, stormwater, imported water, and reclaimed water. Further, the Inland Empire Utilities Agency (a municipal water district) and San Bernardino Valley Municipal Water District both provide wholesale water, and the flood control efforts of the San Bernardino County Flood Control District have been used in part for groundwater recharge. Due to overlap and complexity of the subject, the LAFCO service review schedule has two service reviews on the topic – one service review for water conservation and another service review for wholesale, retail, and recycled water.

¹ The service review requirement is specified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et. seq.). Upon adoption of the service review determinations, the Commission can update the spheres of influence for the reviewed agencies under its purview.

Application to Expand the Sphere of Influence

The San Bernardino Valley Water Conservation District submitted an application to LAFCO requesting expansion of its sphere of influence from a zero sphere designation to one that extends beyond its boundary to include territory along the Santa Ana River (LAFCO 3173). As required by law, a service review must be conducted in conjunction with a sphere of influence application. For this reason, the first service review for the Valley is for water conservation. The next service review will encompass wholesale, retail, and recycled water which will complement this water conservation service review.

Subsequent Service Reviews and Sphere of Influence Updates

Subsequent service reviews will include, but not be limited to, wastewater collection/treatment/reclamation, law enforcement, fire protection/emergency medical services/ambulance, park and recreation, streetlights, solid waste, etc.

In each service review, staff may recommend a sphere of influence update which would require a separate action and environmental analysis by the Commission.

Water Conservation Service Review

Water conservation can be defined as practices, techniques, and technologies that improve the efficiency of water use. Increased efficiency expands the use of the water resource, freeing up water supplies for other uses, such as population growth, new industry, and environmental conversation.²

Efforts to Reduce Consumer Consumption through Education and Outreach

When one hears the phrase “water conservation”, generally the first thing that comes to mind is reducing consumer consumption and misuse. Water conservation programs involved in social solutions are typically initiated at the local level, by either municipal water agencies or regional governments. Common strategies include public outreach campaigns, programs such as cash for grass, tiered water rates (charging progressively higher prices as water use increases), and restrictions on outdoor water use such as lawn watering and car washing. Cities in dry climates often require or encourage the installation of xeriscaping or natural landscaping in new homes to reduce outdoor water usage. The Environmental Protection Agency’s use of the term deals with actions that lead to projects that reduce water use and intensity.³ Further, the Water Conservation Act of 2009 (California Senate Bill SBX7-7) requires a 10% demand reduction by 2015 and 20% by 2020. Fittingly, reducing consumer consumption and eliminating misuse is the first conjuring of the term “water conservation”.

² *Water Conservation Programs: A Planning Manual*, American Water Works Association, M52 First Ed., 2006.

³ Environmental Protection Agency. <http://www.epa.gov/greeningepa/water/index.htm>. Accessed 18 September 2014. Last updated 5 November 2012.

Governor's Executive Order

For the first time in California's history, urban water suppliers will soon be required to comply with new mandatory restrictions aimed at achieving a statewide 25 percent reduction in potable urban water use. Under an executive order issued by Gov. Jerry Brown on April 1, 2015, the State Water Resources Control Board will develop, impose and enforce the mandatory water reduction measures, which will apply to local agencies that supply water to cities and towns across California. The Executive Order comes as water supplies continue to decline due to the severe drought gripping the state. The Order will have far-reaching implications for urban water suppliers, which will be required to develop rate structures and other pricing mechanisms, including new surcharges, fees and penalties, designed to maximize water conservation. The new restrictions will require water suppliers to cities and towns to reduce usage, as compared to the amount used in 2013. The Water Board will consider the relative per capita water usage of the service area of each water supplier, and require that areas with high per capita use achieve proportionately greater reductions than those with low use.

Natural Replenishment of the Basin

However, for governmental service there is another meaning, one which deals with water conservation districts. San Bernardino County has two water conservation districts: the Chino Basin WCD (located in the Chino Basin in the western portion of the Valley Region) and the San Bernardino Valley WCD (located in the Bunker Hill Basin in the eastern portion of the Valley Region). The Water Conservation District Law of 1931 does not define "water conservation" but authorizes water conservation districts a full range of water-related powers, to include:

- Make surveys and investigations of the water supply and resources of the district
- Appropriate, acquire, and conserve water and water rights for any useful purpose
- Conserve, store, spread, and sink water and for such purposes acquire or construct dams, dam sites, reservoirs and reservoir sites, canals, ditches and conduits, spreading basins, sinking wells, and sinking basins
- Provide for the construction, operation, and maintenance of such works, facilities, or operations within or without the district boundaries as the board deems necessary to protect the land or property in the district from damage by flood or overflow
- Pump water therefrom and thereby for sale, delivery, distribution, or other disposition
- Sell, deliver, distribute, or otherwise dispose of any water that may be stored or appropriated, owned, or controlled by the district
- Fix the rates at which water may be sold by the district

The two water conservation districts in the Valley are within the boundary of another public agency or private company that is the sole provider for: 1) wholesale, retail, and recycled water, 2) wastewater treatment, collection, and reclamation, and 3) water resource investigations (each is within an adjudicated basin with a court-appointed watermaster). Therefore, the remaining water-related powers of the water conservation districts per Water Conservation District Law of 1931 in San Bernardino County generally concerns the following: naturally replenishing the basin from surface water. The two water conservation

districts in San Bernardino County are the only water conservation districts in the state that do not provide wholesale or retail water

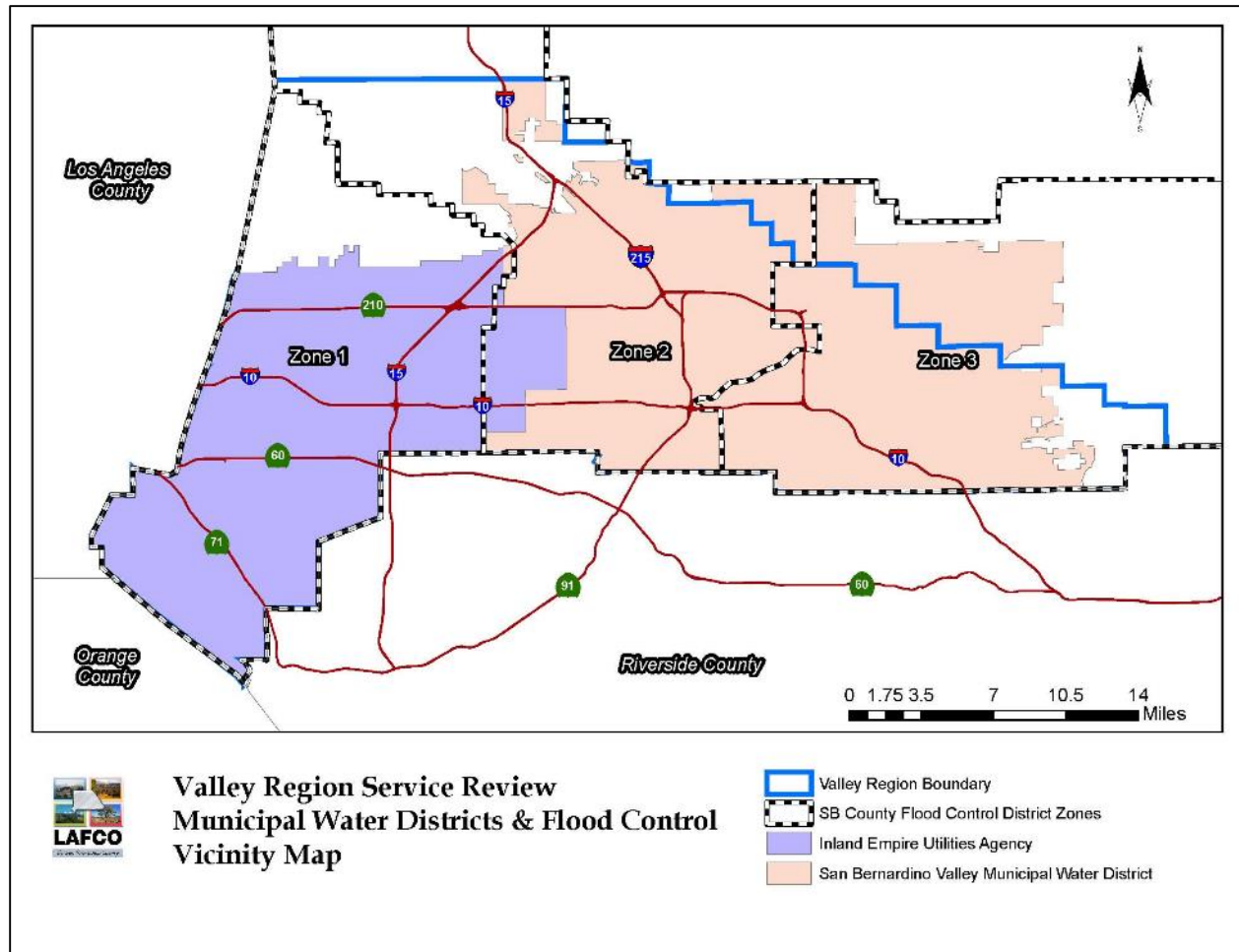
The Chino Basin WCD actively protects and replenishes the Chino Basin with rainfall and storm water discharge from the San Gabriel Mountains. Additionally, it performs water conservation education to individuals and organizations within the basin to further promote the efficient use of local water resources (hence the first meaning of the term “water conservation” as described above). The San Bernardino Valley WCD’s primary role is groundwater recharge in the Bunker Hill Basin through replenishment of the basin by spreading surface water from the Santa Ana River and Mill Creek. San Bernardino Valley WCD uses its water allocation from the Santa Ana River to channel water through a network of canals and percolation basins that naturally recharge the Basin.

Agencies Reviewed

This report reviews water conservation activities throughout the Valley Region. The four agencies that provide the majority of the natural replenishment activities are the two water conservation districts (Chino Basin WCD and San Bernardino Valley WCD) and the two overlaying municipal water districts (Inland Empire Utilities Agency and San Bernardino Valley Municipal Water District). Correspondingly, the crux of the review is based on these agencies. Additionally, the San Bernardino County Flood Control District encompasses the entire county and its primary performed function is flood control. However, its principal act states it is authorized to “provide for the control and conservation of flood and storm waters” as well as water conservation to conserve and reclaim waters.

Location

The West and East Valley areas can generally be described by two municipal water districts and the zones to the San Bernardino County Flood Control District. The West Valley can be generally described by the Inland Empire Utilities Agency and Zone 1 of the San Bernardino County Flood Control District. The East Valley can be generally described by the San Bernardino Valley Municipal Water District and Zones 2 and 3 of the San Bernardino County Flood Control District. A map showing two municipal water districts and the flood control zones is shown below.



Agency Descriptions

Valley-wide

The San Bernardino County Flood Control District (“Flood Control District”) encompasses the entire county. The Flood Control District was formed as a special district in April 1939 after the 1938 floods in San Bernardino County, created by the San Bernardino County Flood Control Act of 1939, found in Chapter 43 of the California Water Code Appendix. Its current functions include flood protection from major streams, flood control planning, storm drain management, debris removal programs, right-of-way acquisition, flood hazard investigations, and flood operations. However, Flood Control District is authorized under its Act to:

- “provide for the control and conservation of flood and storm waters...”, and
- “prevent the waste of water...and to obtain, retain, and reclaim drainage, storm, flood and other waters and to save and conserve all or any such waters for beneficial use in said district.”,

LAFCO staff consulted with the San Bernardino County Flood Control District during the SB Valley WCD service review in 2007 (LAFCO 2919) and the position of the district's administrator was that its purpose was to move water through its facilities as quickly and safely as possible and it did not directly pursue water conservation efforts. In response to the draft staff report, the Flood Control District has clarified its position and states the following,

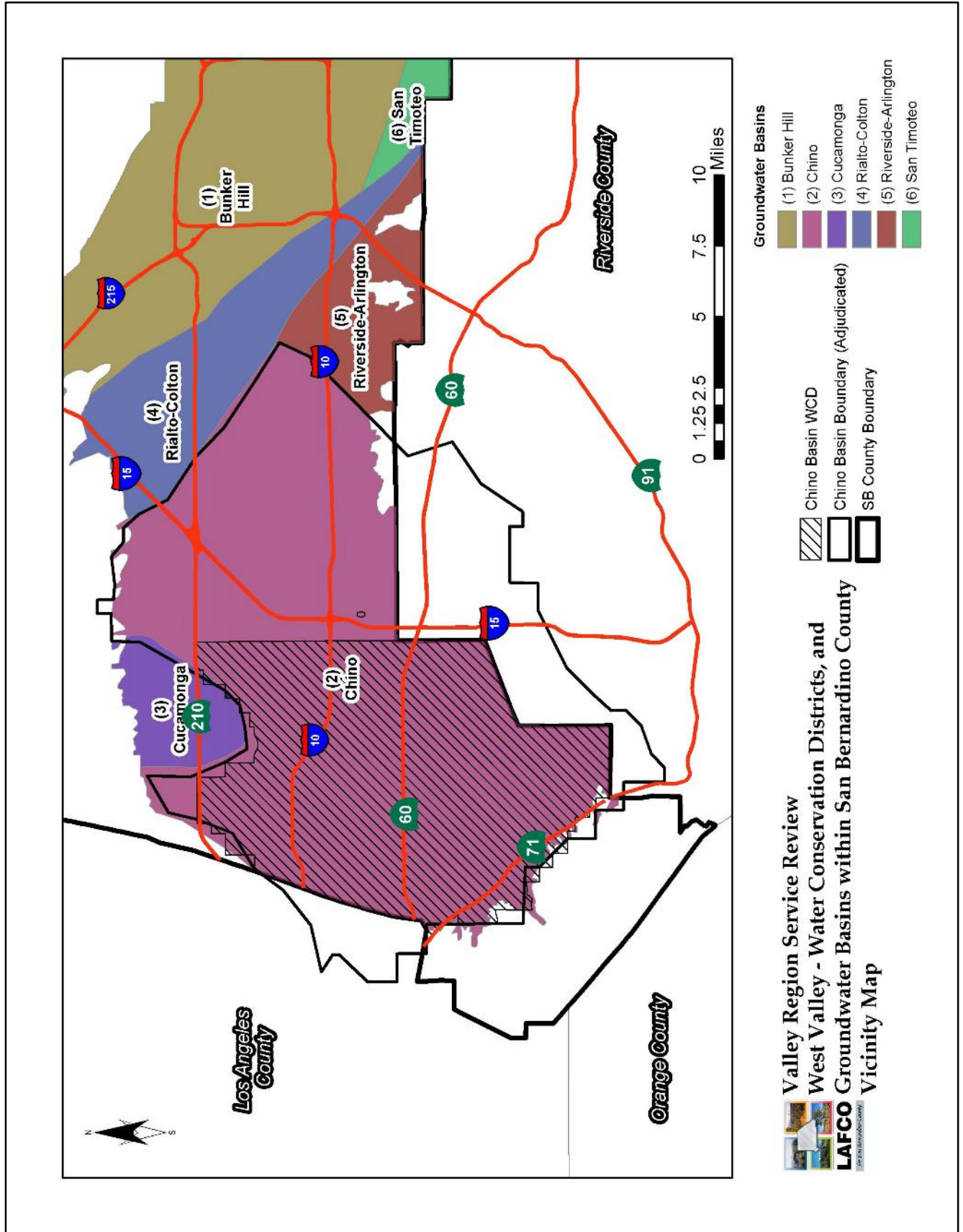
"The District has a history of actively using its facilities for water conservation purposes that dates back to 1939 when the District was formed. A number of the existing storm water detention/water conservation basins originated as spreading grounds for water conservation. The District owns and operates 120 basins that are either debris, detention, conservation basins or a mixture thereof. The District also has ownership of most of the natural creeks and rivers in the valley area where recharge also occurs.

Due to its limited resources providing flood protection for life and property has been considered the District's higher purpose, but its secondary mission of water conservation has been considered important as evidenced by the number of basins constructed by the District. A number of these facilities are operated in conjunction with water agencies in order for them to be utilized for the recharge of state project water and recycled water in order to maximize the groundwater recharge since storm water is so variable."

West Valley

The western portion of the Valley includes all or portions of the Chino and Cucamonga Groundwater Basins, including the Cities of Chino, Chino Hills, Fontana, Montclair, Ontario, Rancho Cucamonga, and Upland.

The following agencies play a major role in actively recharging the groundwater basins or account for recharge within the west valley: Chino Basin Water Conservation District, Chino Basin Watermaster (account and implement basin management), and Inland Empire Utilities Agency. The map below shows these West Valley agencies and the groundwater basins followed by a description of each agency.



The Chino Basin Water Conservation District ("Chino Basin WCD") was formed in 1949 and has a goal to protect the Chino Groundwater Basin in order to guarantee that current and future water needs will be met. In conjunction with the Inland Empire Utilities Agency and San Bernardino County Flood Control District, the district actively protects and replenishes the Basin with rainfall and storm water discharge from the San Gabriel Mountains. The district overlaps the western portion, or about 113 square miles, of the Chino Groundwater Basin. The district's service area includes all or portions of the cities of Chino, Chino Hills, Montclair, Ontario, Rancho Cucamonga, and Upland, and unincorporated areas of San Bernardino County. Additionally, the district's primary function has evolved into providing water conservation education to individuals and organizations within the Basin to further promote the efficient use of local water resources. The recent expansion and improvement of the district headquarters and its demonstration gardens as well as landscape techniques contribute to this public education.

The Chino Basin Watermaster ("Watermaster") is the court-appointed Watermaster for the Chino Groundwater Basin which facilitates development and utilization of the Basin. The Watermaster consists of various entities pumping water from the Basin including cities, water districts, water companies, agricultural, commercial and other private concerns. The Watermaster's mission is, "To manage the Chino Groundwater Basin in the most beneficial manner and to equitably administer and enforce the provisions of the Chino Basin Watermaster Judgment", Case No. RCV 51010 (formerly Case No. SCV 164327). The Watermaster is progressively and actively implementing the Basin's Optimum Basin Management Program which includes extensive monitoring, further developing recharge capabilities, storage and recovery projects, managing salt loads, developing new yield such as reclaimed and storm water recharge and continuing to work with other agencies and entities to enhance this resource. The Watermaster is not under LAFCO purview; however its public members are.

The Inland Empire Utilities Agency, originally called the Chino Basin Municipal Water District ("CBMWD"), was formed in 1950 by popular vote of its residents to become a member agency of the Metropolitan Water District of Southern California for the purpose of importing water under the Municipal Water District Law (Water Code Section 71000 et seq). The Inland Empire Utilities Agency ("IEUA") is a wholesale water agency and does not provide any retail sales to other agencies. Since its formation in 1950, the IEUA has significantly expanded its water and wastewater utility services. These now include production of recycled water, distribution of imported and recycled water supplies, sewage treatment, co-composting of manure and municipal biosolids, desalinization of groundwater supplies and disposal of non-reclaimable industrial wastewater and brine. In 1998, the CBMWD officially became the Inland Empire Utilities Agency. The name change was meant to reflect the changes in the district's mission. IEUA's 242 square mile service mile area provides regional wastewater service and imported water deliveries to eight contracting agencies: Cities of Chino, Chino Hills, Ontario and Upland; as well as the Monte

Vista Water District, the Cucamonga Valley Water District, the Fontana Water Company⁴ and the San Antonio Water Company⁵.

Additionally, the City of Upland and Monte Vista Water District actively recharge in the West Valley and are discussed in Determination III of this report.

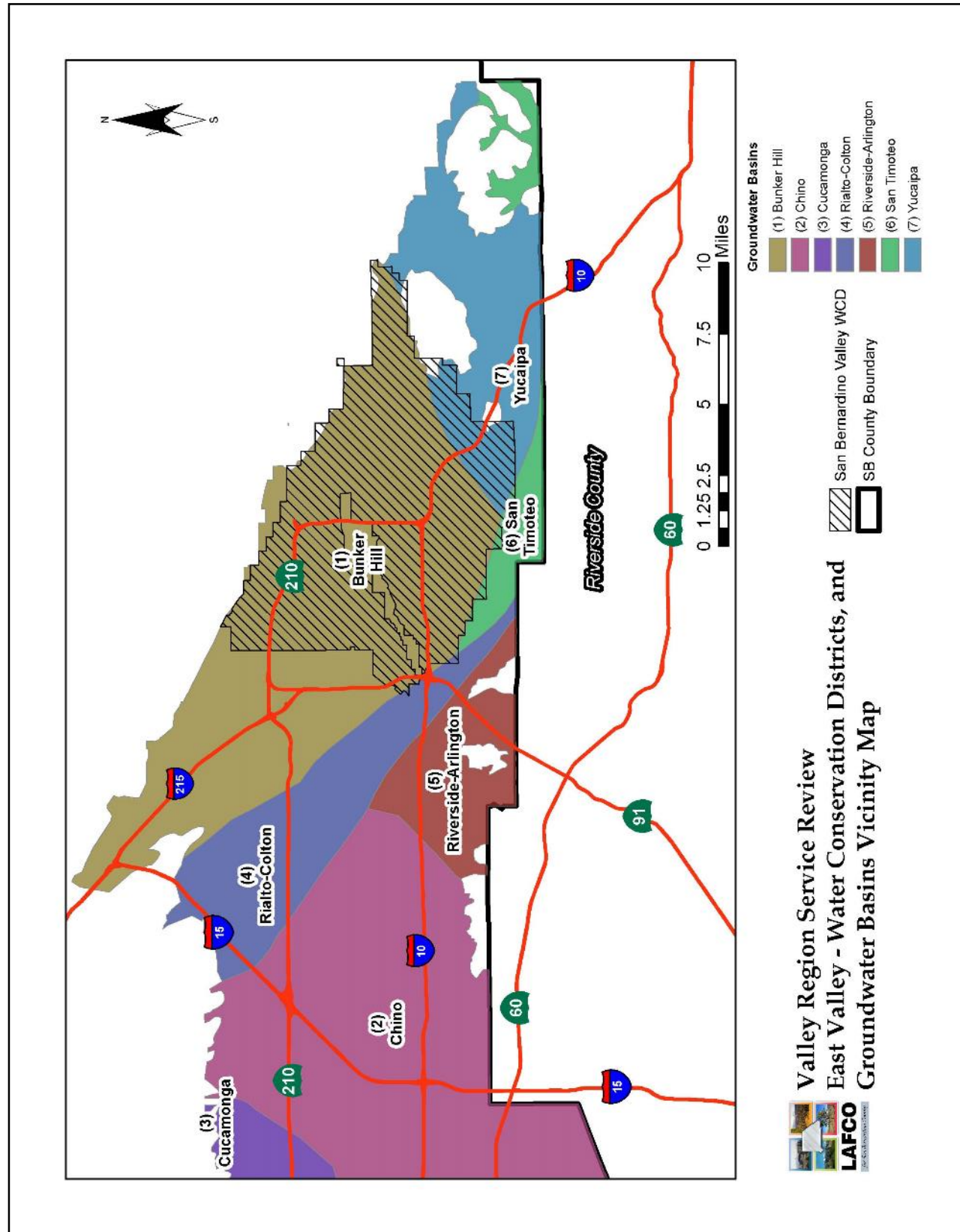
East Valley

The eastern portion of the Valley includes all or portions of the Bunker Hill, Rialto-Colton, Riverside-Arlington, San Timoteo, and Yucaipa Groundwater Basins. The East Valley includes the Cities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Highland, Grand Terrace, and Yucaipa; and unincorporated communities of Bloomington, Mentone, Muscoy and Oak Glen

The following agencies play a major role in actively recharging the groundwater basins within the general east valley: San Bernardino Valley Municipal Water District and San Bernardino Valley Water Conservation District. The map below shows these East Valley agencies and the groundwater basins followed by a description of each agency.

⁴ Fontana Water Company is a retail investor-owned utility company that provides water to approximately 190,000 residents mainly in the City of Fontana, and also serves portions of the cities of Rancho Cucamonga and Rialto as well as unincorporated area, outside the IEUA service area.

⁵ San Antonio Water Company is a retail investor-owned utility company that provides water to approximately 3,150 residents in the unincorporated area of Upland.



San Bernardino Valley Water Conservation District (“SB Valley WCD”) was formed in 1932 under the Water Conservation District Law of 1931, as amended (Water Code §§74000 et seq.). SB Valley WCD’s primary role is groundwater conservation in a portion of the Bunker Hill Basin through replenishment of the Basin by spreading surface water from the Santa Ana River and Mill Creek. SB Valley WCD uses its water allocation from the Santa Ana River to channel water through a network of canals and percolation basins that naturally recharge the Basin. The district provides the Daily Flow Report for surface water and annual Engineering Investigation Report for groundwater levels and change in storage as required by the Water Code. SB Valley WCD also serves as one of three court-appointed members of the Big Bear Watermaster, accounting for flows in and out of Big Bear Lake. The SB Valley WCD’s boundaries encompass more than 78.1 square miles and include portions of the communities of San Bernardino, Loma Linda, Redlands, and Highland, as well as the unincorporated area of Mentone and various county “islands” within the incorporated cities.

San Bernardino Valley Municipal Water District (“MUNI”) was formed in 1954 under the Municipal Water District Law of 1911, as amended (Water Code §§71000 et seq.), as a regional agency to plan for long-range water supplies for the San Bernardino Valley. As a State Water Contractor, MUNI imports water into its service area through participation in the State Water Project. MUNI also manages groundwater storage within its boundaries and serves as Watermaster for the *Western* and *Orange County* Judgments. Although MUNI’s principal act provides for a broad range of powers and services, MUNI’s primary roles in the San Bernardino Valley are to: (1) import and deliver State Water Project water to wholesale and retail water agencies in San Bernardino Valley; and (2) recharge and replenish groundwater in accordance with the *Western* and *Orange County* Judgments. MUNI’s service territory covers about 325 square miles and a population of about 600,000. MUNI spans the eastern two-thirds of the San Bernardino Valley, the Crafton Hills, and a portion of the Yucaipa Valley and includes the cities and communities of San Bernardino, Colton, Loma Linda, Redlands, Rialto, Bloomington, Highland, East Highland, Mentone, Grand Terrace, and Yucaipa.

Additionally, the Beaumont-Cherry Valley Water District, City of San Bernardino Municipal Water Department, East Valley Water District, West Valley Water District, and Yucaipa Valley Water District actively recharge in the West Valley and are discussed in Determination III of this report.

LAFCO Tour of the Facilities of the Water Conservation Districts

On March 2, 2015, representatives from the LAFCO commission and staff toured the facilities of the Chino Basin WCD and SB Valley WCD. The tour consisted of the Water Conservation Center and two storm basins of the Chino Basin WCD and two spreading grounds of the SB Valley WCD.

WATER CONSERVATION SERVICE REVIEW FOR VALLEY REGION

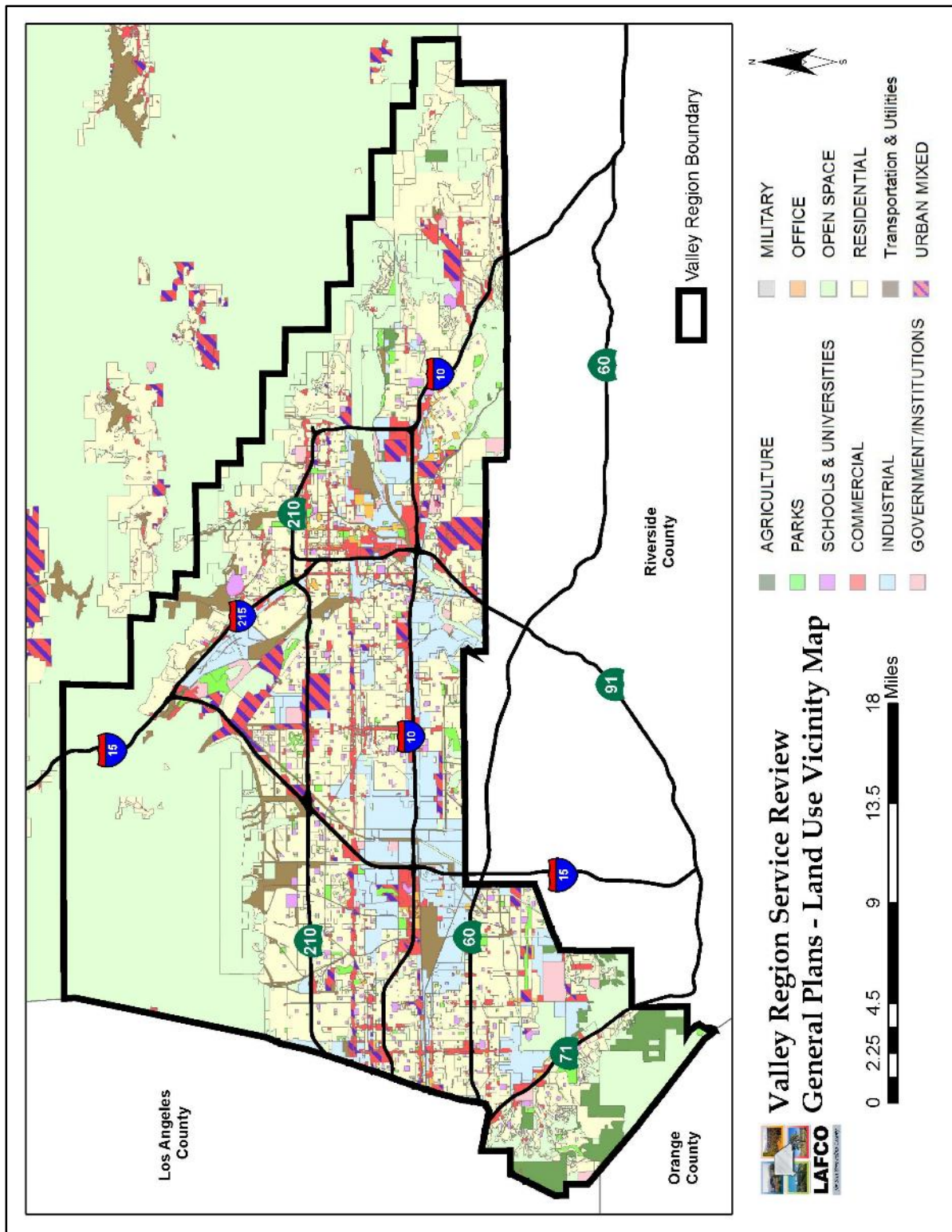
At the request of LAFCO staff the agencies provided information, were interviewed by LAFCO staff, and have been available to LAFCO staff upon request. LAFCO staff also obtained information from public sources, as well as referring to literature and other service reviews conducted in the state on water conservation. LAFCO staff responses to the mandatory factors for consideration in a service review (as required by Government Code 56430) are to follow and incorporate the agencies' responses and supporting materials.

Determination I.
Growth and Population Projections for the Affected Area

A. Land Use Designations

The map below illustrates the land use designations of each city and county jurisdiction within the Valley Region. As shown, residential, urban mixed, and industrial uses are prevalent in the urbanized areas with commercial interspersed. Parks and Open Space are heavy at the southwestern and eastern ends of the Valley Region.

Land Use Designations



Source: San Bernardino Associated Governments

B. Population

Within San Bernardino County, the Valley Region is the most densely populated area, with 73% of the population residing in that region, but accounting for only 2.5% of the county's land area. Based on these figures, the estimated population density of the Valley Region is approximately 2,977 persons per square mile, which is similar to neighboring Los Angeles and Orange Counties, as shown below.⁶

Population Density for San Bernardino County, San Bernardino Valley, and Peer and Neighboring Counties, 2013	
County (Major City)	Persons per Square Mile
San Bernardino	104
Clark (Las Vegas)	256
Riverside	318
Maricopa (Phoenix)	436
San Diego	766
Miami-Dade (Miami)	1,345
Los Angeles	2,467
San Bernardino Valley Region	2,977
Orange (Santa Ana)	3,945

Note: San Bernardino Valley land area is from 2007 and population data are from 2012. The remaining geographies reflect land area data from 2000 and population data from 2013.

Sources: Analysis of data from the U.S. Census Bureau (Census 2000, 2012 American Community Survey 5-Year Estimates, and 2013 Population Estimates Program) and the San Bernardino County Land Use Department, 2007 General Plan

Source: San Bernardino County 2014 Community Indicators Report

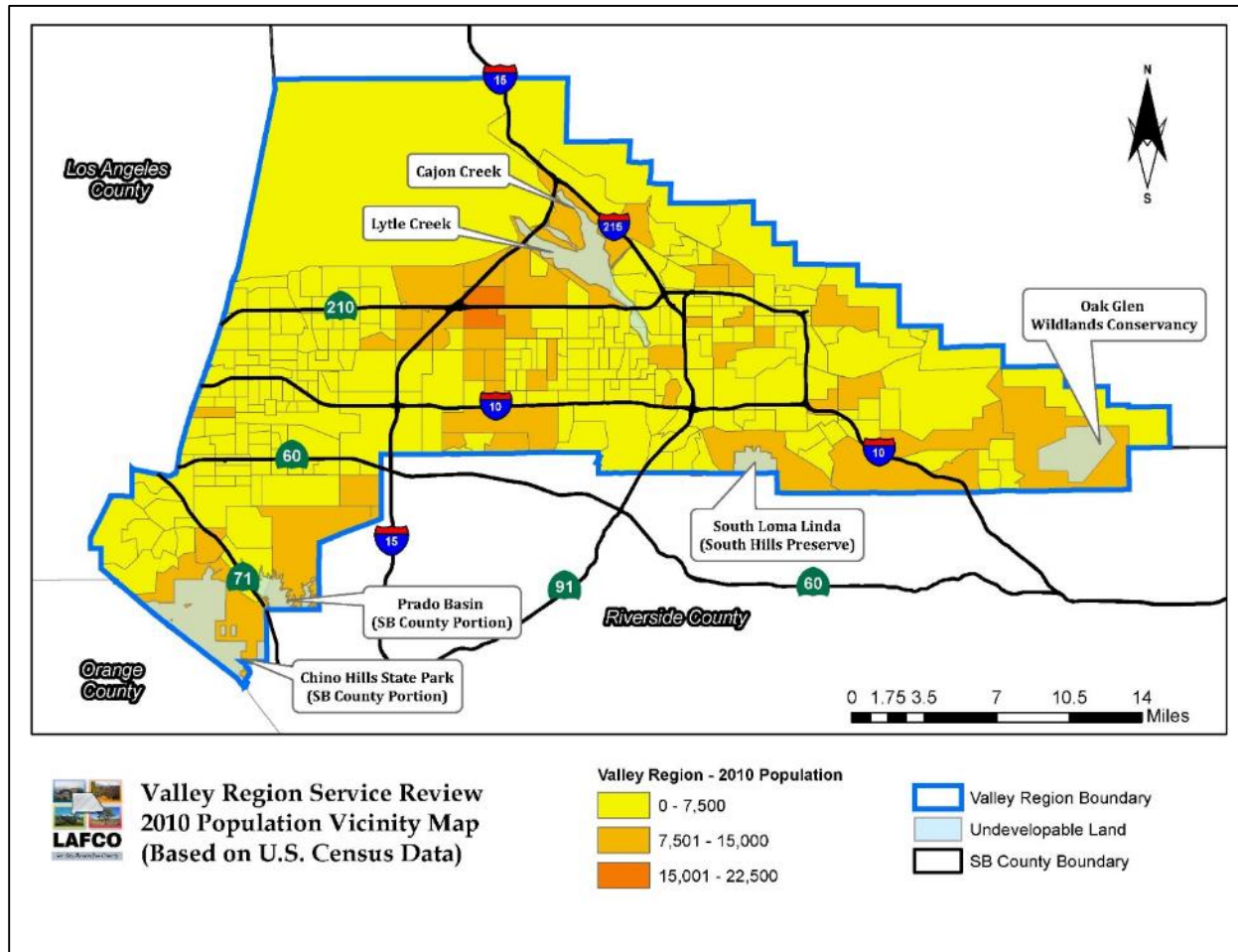
The Valley Region population increased 39% from 1990 to 2010, or at an annual rate of 1.6%. Interestingly, the Valley Region grew at a lesser rate from 2000 to 2010 during the construction boom (15%) than from 1990 to 2000 (20%). The 2014 estimated population is 1.5 million, and projections identify the Valley to grow at marked lesser rate of 0.3% annually through 2020. It is not until 2025 that the growth rate is projected to increase. LAFCO uses a 30-year horizon for its population projections, and its analysis in conjunction with Southern California Associated Governments ("SCAG") projections provides a projected population of 2.1 million in 2045. The 2045 figure would be roughly twice that of 1990 with an evident corresponding increase in population density.

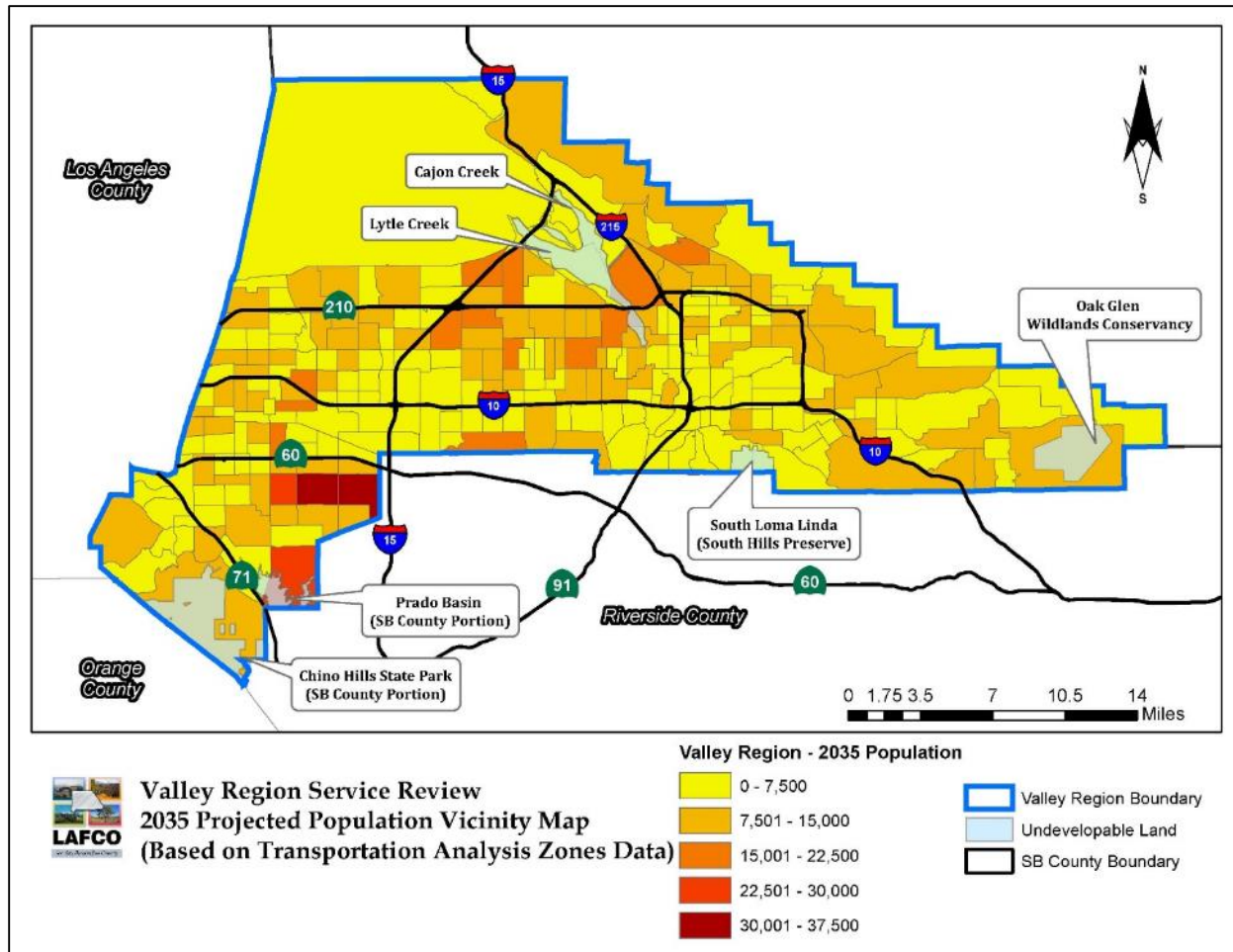
⁶ San Bernardino County 2014 Community Indicators Report, produced by The Community Foundation.

Population (2000 – 2045)

Population Source	Census			Estimate	Projected		
Year	1990	2000	2010	2014	2025	2035	2045
Valley Region							
Population	1,064,522	1,280,603	1,476,306	1,510,985	1,710,583	1,899,690	2,119,309
Annual Growth Rate	1.6%				1.1%		
sources:							
1990, 2000, and 2010 population (U.S. Census)							
2014 estimate population (ESRI)							
2025 through 2045 population (SCAG and LAFCO)							

The illustrations below shows population density from the 2010 Census and the 2035 SCAG projections.





C. Conclusion for Determination I.

Within San Bernardino County, the Valley Region is the most densely populated area, with 73% of the population residing within it, but accounting for only 2.5% of the county's land area. Based on these figures, the estimated population density of the Valley Region is approximately 2,977 persons per square mile, which is similar to neighboring Los Angeles and Orange Counties.

The 2014 estimated population is 1.5 million, and projections identify the Valley to grow at a rate of 0.3% annually through 2020. It is not until 2025 that the growth rate is projected to increase. LAFCO uses a 30-year horizon for its population projections, and its analysis, in conjunction with Southern California Associated Governments ("SCAG") projections, provides a projected population of 2.1 million in 2045. The 2045 figure would be roughly twice that of 1990, with presumably twice the density overall.

The population projections do not include the heavy daily business, commercial, education, and industrial activities. Further, the transient traffic on Interstates 10 and 15 (two of four interstates that exit Southern California to the east) has significantly

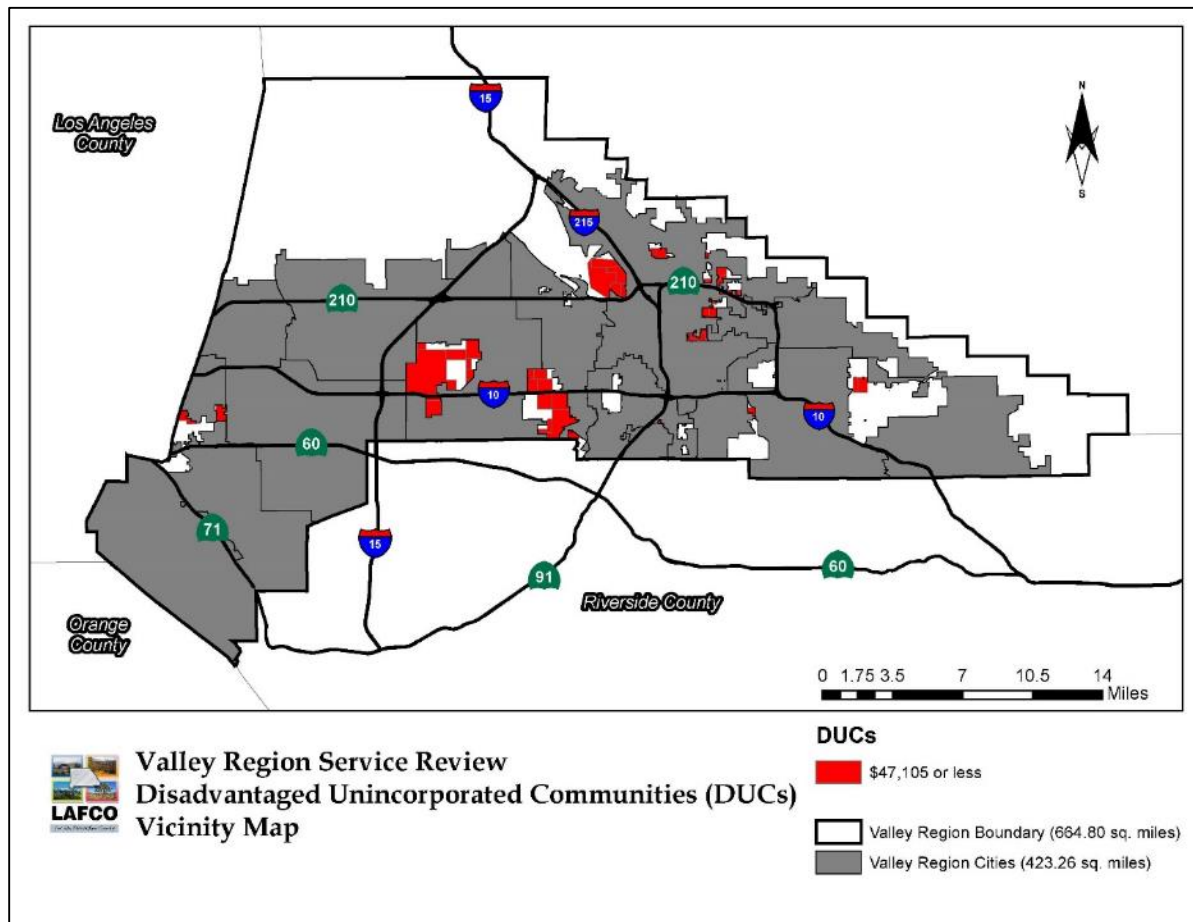
increased in volume each decade and is anticipated to continue to do so. All of this signals that the Valley Region is one of the most densely populated and traveled parts of the state and that conjunctive use of water resources will only intensify for the already impacted groundwater basins.

Determination II.

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

LAFCO is required to determine the location and characteristics of any disadvantaged unincorporated communities (“DUC”) within or contiguous to the sphere of influence.⁷ A DUC is defined by two criteria: median household income and if the area is inhabited.⁸ First, a DUC is territory that constitutes all or a portion of a community with an annual median household income that is less than 80% of the statewide annual median household income. For 2014, 80% of the statewide median household income was \$47,105⁹.

Second, for the purposes of defining a DUC, San Bernardino LAFCO policy defines a community as an inhabited area comprising no less than 10 dwellings adjacent or in close proximity to one another.¹⁰ Uninhabited areas include vacant or government lands. Based upon the two criteria identified, the areas shown in red on the map below are classified as DUCs (meet the median household income criteria and are inhabited).



⁷ Government Code §56430(a)(2).

⁸ §56033.5

⁹ Environmental Systems Research Institute (ESRI) Community Analyst.

¹⁰ San Bernardino LAFCO Project/Application Policy #13.

Conclusion for Determination II.

The Valley Region as defined by LAFCO contains 75 square miles of unincorporated territory (15% of the Valley Region). Of that 75 square miles, 32 square miles (or 43%) is classified as a disadvantaged community; although some of that area includes government-owned, open space, or park land.

Determination III.

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs and deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence

This section of the report first discusses capture and recharge of surface water and stormwater/runoff followed by agency efforts to reduce consumer consumption. Recharge activities are recorded by the respective watermaster in the area: Chino Basin Water Master (in conjunction with the Inland Empire Utilities Agency) in the West Valley and San Bernardino Valley Municipal Water District in the East Valley. Due to the size of the Valley Region, for presentation purposes only, the illustrations and its associated data are organized by West Valley (generally the area of the Inland Empire Utilities Agency) and the East Valley (generally the area of the San Bernardino Valley Municipal Water District). This Determination is organized as follows:

- A. Capture and Recharge of Surface Water and Stormwater/Runoff – West Valley
- B. Capture and Recharge of Surface Water and Stormwater/Runoff – East Valley
- C. Efforts to Reduce Consumer Consumption – Valley Wide
- D. Efforts to Reduce Consumer Consumption – West Valley
- E. Efforts to Reduce Consumer Consumption – East Valley

Over the next 25 years, the Valley Region population is expected to significantly increase. It is paramount that the agencies recognize the need to develop and promote programs that protect existing water resources for the region's sustainability and future growth. Conservation and the efficient use of water is the most cost-effective source of water supply reliability and are essential to meeting the Valley region's current and future demand.

A. Capture and Recharge of Surface Water and Stormwater/Runoff – West Valley

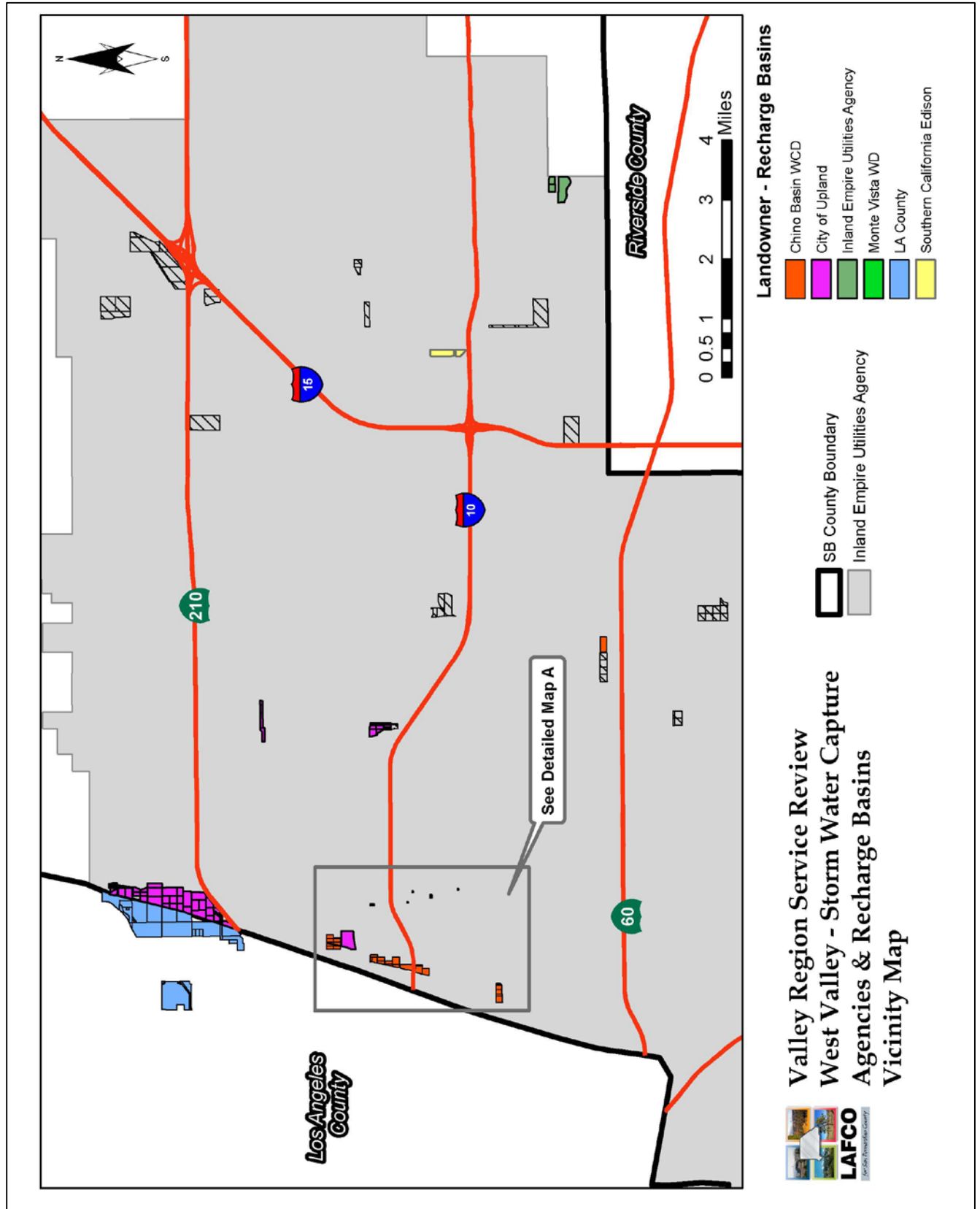
West Valley Overview

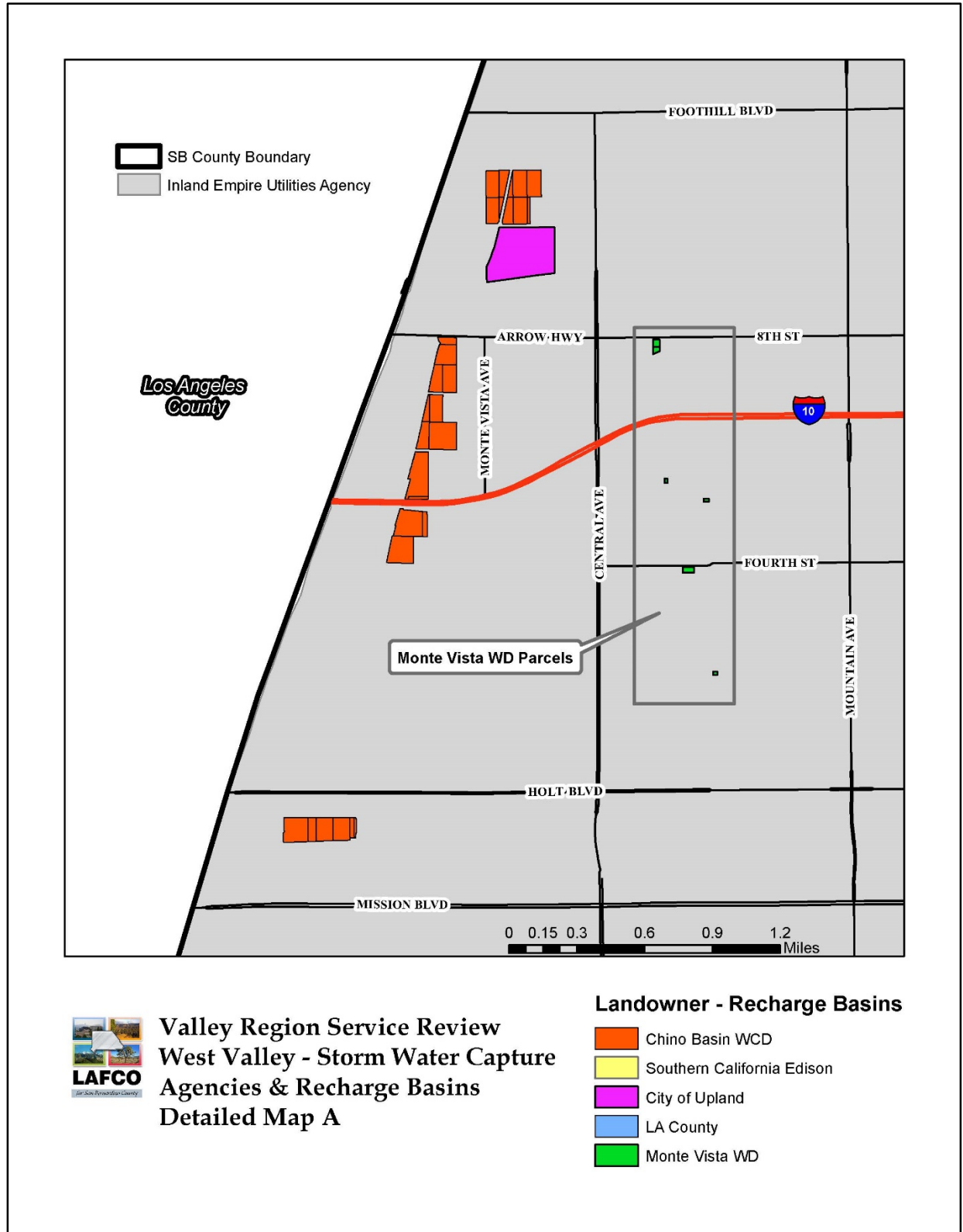
There are generally two basins within the West Valley: Chino and Cucamonga, both of which are adjudicated. The figure below is a summary of the two basins from the Department of Water Resources ("DWR"). As part of the California Statewide Groundwater Elevation Monitoring Program and pursuant to the California Water Code §10933, DWR is required to prioritize California groundwater basins, so as to help identify, evaluate, and determine the need for additional groundwater level monitoring. As identified by the DWR, the Chino Basin has been designated as a High Priority basin and the Cucamonga Basin as a Medium Priority basin for future monitoring. Both share similar population, groundwater reliance factors, and have been impacted from the population. The discussion which follows provides additional information on the basins and the efforts to improve water quality through recharge.

California Statewide Groundwater Elevation Monitoring Program								
Upper Santa Ana Valley Basin - West Valley								
DWR Rating (1 = low, 5 = high)								
Sub-Basin	Sq. Miles	2010 Pop.	Pop.	Pop. Growth	GW Reliance	Impacts	Basin Priority	Impact Comments
Chino	242	898,653	4	2	4	3	High	High nitrates and dissolved solids.
Cucamonga	15	51,001	4	1	3.5	3	Medium	High nitrates reported in 14 of 24 wells tested.

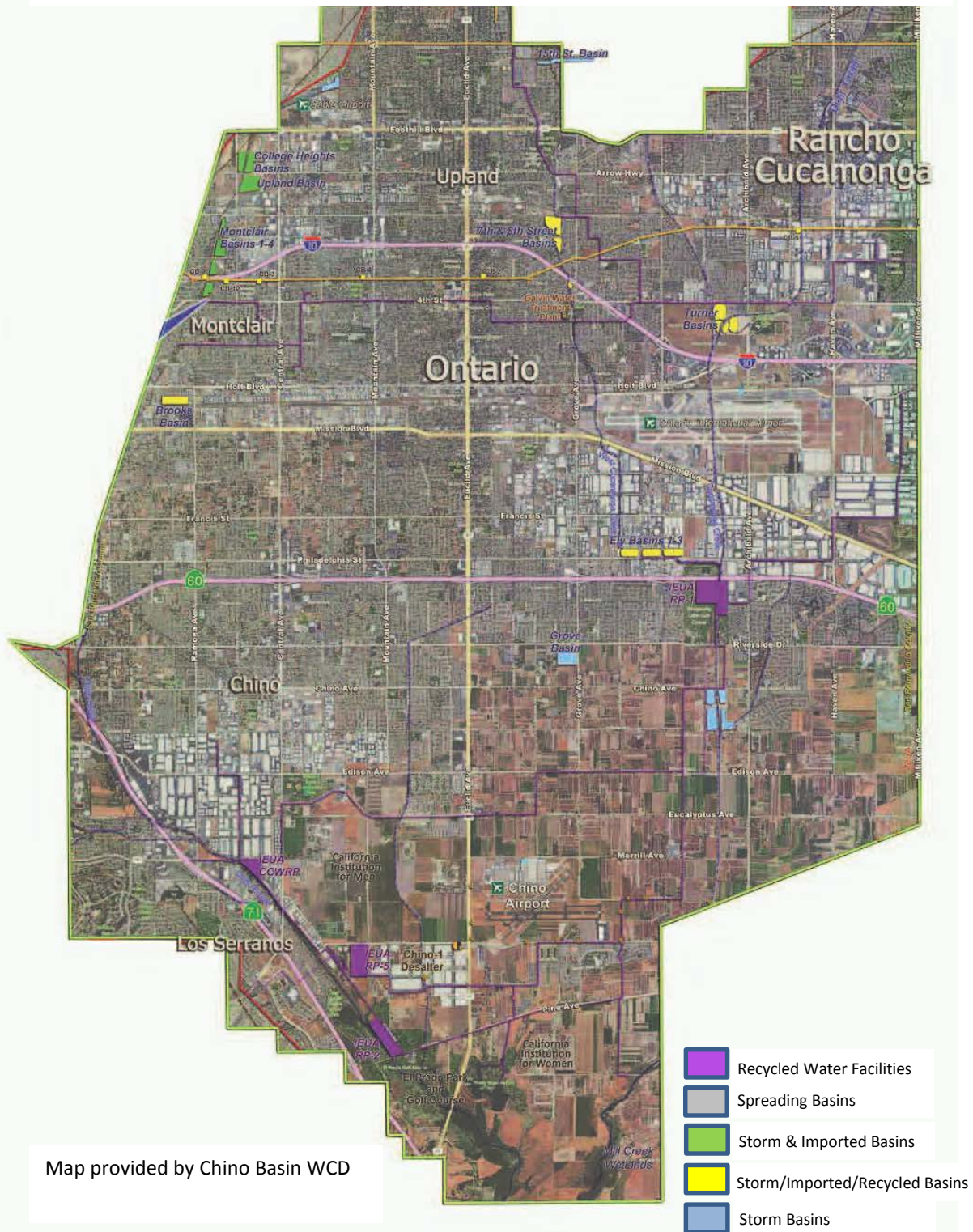
The following agencies actively recharge the groundwater basins (not limited to surface water and stormwater/runoff) or account for recharge within the general West Valley: Chino Basin Water Conservation District, Chino Basin Watermaster (account and implement basin management), Inland Empire Utilities Agency, Monte Vista Water District, and City of Upland. The Inland Empire Utilities Agency encompasses the whole of the agencies under LAFCO purview: Chino Basin Water Conservation District, Monte Vista Water District, and City of Upland. The Chino Basin Watermaster is the court-appointed watermaster for the Chino Groundwater Basin which extends into Los Angeles and Riverside Counties. The adjudicated boundary does not encompass the entirety of the physical boundary, as depicted by the Department of Water Resources. The remaining areas of the physical boundary do not contain significant recharge activities.

The maps below illustrates the agencies that actively capture surface and storm water and the associated recharge sites in the West Valley. This first map identifies the landowner of the recharge basins in the West Valley along with a detail map, and the third map identifies the type of recharge (e.g. storm, imported) within the Chino Basin. The Cucamonga Valley Water District generally comprises the Cucamonga Basin (an adjudicated basin), and it does not actively recharge the basin.





Chino Basin Percolation Basins



Chino Basin Description

The Chino Basin is one of the largest groundwater basins in Southern California containing approximately 5 million acre-feet of water and has an unused storage capacity of approximately 1 million acre-feet. The Chino Basin consists of approximately 235 square miles of the upper Santa Ana River watershed and lies within portions of San Bernardino, Riverside, and Los Angeles counties. Approximately 5% of the Chino Basin is located in Los Angeles County, 15% in Riverside County, and 80% in San Bernardino County. The legal, not the geological, boundaries of the Chino Basin are defined in a court Judgment.¹¹

Chino Basin Watermaster

In 1978, the San Bernardino County Superior Court entered a Judgment establishing a new entity, the Chino Basin Watermaster.¹² The Judgment adjudicated all groundwater rights in Chino Basin and contains a physical solution to meet the requirements of water users having rights in or dependent upon the Chino Basin. The Judgment also appointed the Watermaster to account for and implement the management of the Chino Basin. It is composed of three stakeholder groups, called Pools, represented by separate Pool Committees:

- Overlying Agricultural Pool Committee, representing dairymen, farmers, and the State of California;
- Overlying Non-Agricultural Pool Committee, representing area industries;
- Appropriative Pool Committee, representing local cities, public water districts, and private water companies.

The Watermaster board is represented by the parties to the Judgment, and includes nine members which rotate amongst each pool until there is a Court approved change. At present the representatives are:

Member	Agency	Association
Steve Elie, Chair	Inland Empire Utilities Agency	Municipal
Paul Hofer , Vice-Chair	Crops	Agricultural
Arnold Rodriguez, Secretary/Treasurer	Santa Ana River Water Company	Appropriative/Minor
Bob Kuhn	Three Valleys Municipal Water District	Municipal
Mark Kinsey	Monte Vista Water District	Appropriative
Bob Bowcock	Vulcan Materials Company	Non-agricultural
Donald Galleano	Western Municipal Water District	Municipal
Jim Bowman	City of Ontario	Appropriative
Geoffrey Vanden Heuvel	Dairy	Agricultural

¹¹ Metropolitan Water District of Southern California. Chapter IV – Groundwater Basins Report.

¹² San Bernardino County Superior Court. 1978. Case No. RCV 51010 (formerly Case No. SCV 164327).

The main source of revenue for the Watermaster are assessments. The Watermaster levies and collects Administrative Assessments, Optimum Basin Management Plan ("OBMP") Assessments, and Replenishment Assessments. Administrative Assessments are general administrative and special project expenses incurred by the Watermaster and assessed to the respective pools based on allocations made by the Watermaster. OBMP assessments are levied to the Pools, to implement the OBMP, and Replenishment Assessments are levied to purchase replenishment water to replace production by any Pool during the preceding year which exceeds such Pool's allocated safe yield.

Agencies within the Chino Basin

The figure below describes the agencies that provide for some level of basin management within the Chino Basin. Following the figure is a discussion of the primary recharge agencies and their activities.

Summary of Management Agencies in the Chino Basin	
Agency	Role
Chino Basin Watermaster	Court-appointed Watermaster for Chino Basin.
Chino Basin Desalter Authority	Joint Powers Authority established to operate and manage the Chino I and Chino II Desalters.
Chino Basin Water Conservation District (CBWCD)	Operation of some recharge facilities in Chino Basin. The CBWCD also promotes water conservation through an active public education program.
San Bernardino County Flood Control District (SBCFCD)	Operation of some recharge and flood control facilities in Chino Basin.
City of Upland	Operation of one recharge facility in Chino Basin.
Monte Vista Water District	Owns and operates ASR wells in Chino Basin.
Santa Ana Watershed Project Authority (SAWPA)	Joint Powers Authority established to plan and build facilities to protect the water quality of the Santa Ana River Watershed.
San Bernardino County Department of Environmental Health	Regulation of new well permits within vicinity of recharge basins and throughout basin.
Inland Empire Utilities Agency (IEUA)	Implementation of recharge and management strategies. Operation and maintenance of some recharge basins and associated facilities in Chino Basin.
Santa Ana River Watermaster	Watermaster for 1969 Stipulated Judgment that defined water allocations in the Santa Ana River between lower Santa Ana River and upper Santa Ana River producers.
California Department of Health Services	Regulation of water quality in recharge facilities and production wells.
Regional Water Quality Control Board – Santa Ana Region (Regional Board)	Regulation of recharge of recycled water and desalter facilities.

Source: Metropolitan Water District
ASR wells = Aquifer Storage and Recovery wells

Inland Empire Utilities Agency

Historically, IEUA has engaged in wholesale water and wastewater treatment services, and its recycled water has been captured and recharged by downstream water agencies for decades. In the late 1990s, IEUA began to implement groundwater recharge with recycled water at Ely Basin. The initial Ely Basin project was followed by the Chino Basin Watermaster's development of the Optimum Basin Management Program ("OBMP") and the region's efforts (including IEUA) to implement the OBMP. In 2002, the Watermaster, Chino Basin WCD, the San Bernardino County Flood Control District ("Flood Control District") and IEUA joined forces to greatly expand groundwater recharge capacity. The surface spreading operation significantly enhances storm water conservation and replenishment with imported and recycled water. Intense focus continues today on developing the recycled water supply.

IEUA recharges its recycled water is currently at Brooks Basin (owned by Chino Basin WCD), RP3 basin (owned by IEUA), and 8th Street, Ely, Turner, Victoria, Banana, Hickory, Declez, San Sevaine basins (owned by Flood Control District). IEUA is permitted to recharge recycled water at several other Flood Control District sites, but has not yet invested in infrastructure to take water there. All other recharge activities (stormwater and imported water) are performed by IEUA on the behalf of Chino Basin Watermaster.

Under Article X of Chino Basin Watermaster Rules and Regulations, IEUA applied for and received approval from Chino Basin Watermaster in 2002 to recharge up to 30,000 acre-feet per year of recycled water in the Chino Basin consistent with the elements of the 1999 Optimum Basin Management Plan, the Peace Agreement to the Chino Basin Judgment, and the 2001 Chino Basin Recharge Master Plan.

In December 2007, the IEUA Board of Directors approved an aggressive Three Year Business Plan that calls for 50,000 acre feet of connected demand of recycled water by 2013.¹³ According to IEUA staff, the plan was last updated in FY 2010-11. Per the updated plan, the goal was to have 50,000 AFY of connected demand by FY 2011-12, with the projected recycled water deliveries of 50,000 AFY by FY 2012-13. Conditions within the region and IEUA's member agencies have been evolving over the past few years, and with the changes, the period at which IEUA estimates to reach the delivery of 50,000 AFY is FY 2019-20. The long-term goal for ultimate beneficial use in the region varies between 65,000 AFY and 78,000 AFY. These numbers are still being revised per IEUA's current planning initiatives.

As a member of the Metropolitan Water District of Southern California ("Metropolitan Water District"), one-third of the water distributed by IEUA is imported through the State Water Project.¹⁴ Recognizing the limitation on imported water supplies caused by

¹³ Recycled Water Annual Report

¹⁴ Imported water to the western one-third of San Bernardino Valley is provided through the Metropolitan Water District of Southern California ("MWD") and several of its 26 member agencies. As one of 27 State Water Contractors in California, MWD delivers water to a 5,200-square-mile service area spanning Ventura, Los Angeles, Orange, Riverside, San Bernardino, and San Diego counties. Due to the statewide and regional demand for

drought conditions and environmental restrictions, a key business goal for IEUA is to “drought proof” the region by developing local supplies and maximizing groundwater recharge. IEUA has been able to increase the local supply of water by 33 percent through the construction of recycling plants and piping, new catch basins, and desalting plants.¹⁵ IEUA operates five regional water recycling plants and produces three key “environmentally sustainable” products: recycled water, renewable energy, and high-quality biosolids compost. Protecting the region’s vital groundwater supplies is a core element of the IEUA’s “drought proof” business goal. The more water recharged into the Chino Groundwater Basin, the more self-reliant and less dependent the region becomes on imported water supplies. It does this through 19 groundwater recharge basins.¹⁶

As identified IEUA’s 2014-19 Strategic Plan, three major recharge objectives stand out:

- Identify and protect the best recharge land sites in the service region by June 2016
- Conduct research to find new methods to safely recharge more water into Chino Basin by June 2016
- Coordinate with the Chino Basin Watermaster on the Recharge Master Plan Update by July 2019

The IEUA Asset Management Plan outlines planned capital projects for the agency’s activities. Those related to recharge are listed below:

- Vulcan Pit Flood Control and Aquifer Recharge Project. This project will convert the existing Vulcan mining pit into a functional 60-acre groundwater recharge basin. \$100,000 in FY 2014-15. The City of Fontana is the lead agency on the project.
- Wineville Extension Pipeline Segments A and B. A new 24-inch recycled water pipeline along Wineville Ave. from Airport Dr. to Jurupa St. continuing with a new 36-inch recycled water pipeline to RP-3 Groundwater Recharge Basin. The project includes a recycled water turnout to feed RP-3 Basin and a turnout to feed Declez Basin. \$6 million in 2014-15 and \$21.5 million in 2015-16.
- RP-3 Basin Improvements. Groundwater Recharge Master Plan Update 2013 project #11. IEUA cost share = 50% total cost. \$200,000 in 2014-15, \$5.1 million in 2015-16.

Colorado River and SWP water, imported water is significantly more expensive to purchase or acquire than groundwater.

¹⁵ Neil Nisperos, “Inland Empire Water Agencies Shoring Up Supply for Times of Drought,” *San Bernardino Sun*, 13 January 2015.

¹⁶ 2014-19 Strategic Plan

- Victoria Basin Improvements. Groundwater Recharge Master Plan Update 2013. IEUA cost share = 50% total cost. \$24,000 in 2014-15, \$126,000 in 2015-16.

Additionally, the Turner Basin Recharge Project involves the installation of new pipe/gate within the two new recharge basins and connecting an existing flood control retention facility as a new recharge basin. IEUA, San Bernardino County, and several local and regional stakeholders developed the West End Conservation and Groundwater Task Force, for the development of a comprehensive plan that will guide future improvement efforts of the Turner / Guasti site. The next phase of the project will be a feasibility / planning study for the entire site, including construction or enlargement of several other recharge basins, appurtenances to allow more recycled water and storm water to be captured and recharged, wetlands, and educational opportunities. This project is partially funded by a Bureau of Reclamation grant of \$406,712. The remaining cost of the project is shared between IEUA and the Watermaster.

Chino Basin Water Conservation District

The Chino Basin Water Conservation District owns eight basins that are used to percolate water from local runoff, imported water purchased by Watermaster parties, and recycled water from IEUA. Five of the basins are located in Montclair, two in Upland, and one in Ontario. The eight basins are described below:

Drainage System, Basin	IEUA Role	CBWCD Role	Storage Capacity (AFY)	Water Recharge Source	Notes
San Antonio Channel Drainage System					
College Heights East	A,B,D,F,H,I,J,L,N	G,M	145	Storm, State Project	No need for E, no infrastructure for C
College Heights West	A,B,D,F,H,I,J,M,N	G,L	126	Storm, State Project	No need for E, no infrastructure for C
Montclair 1	A,B,D,F,H,I,K,M,N	E,G,J,L	134	Runoff, storm, State Project	No infrastructure for C
Montclair 2	A,B,D,F,H,I,K,M,N	E,G,J,L	243	Runoff, storm, State Project	No infrastructure for C
Montclair 3	A,B,D,F,H,I,K,M,N	E,G,J,L	49	Runoff, storm, State Project	No infrastructure for C
Montclair 4	A,B,D,F,H,I,K,M,N	E,G,J,L	97	Runoff, storm, State Project	No infrastructure for C
Brooks	A,B,C,D,F,H,I,K,M,N	E,G,J,L	503	Runoff, storm, recycled, State Project	
West Cucamonga Channel Drainage System					
Ely 3 *	A,B,C,D,F,H,I,J,M,N	E,G,L,K	136	Runoff, storm, recycled	
<p>* Ely #1 and #2 are owned by San Bernardino County Flood Control District.</p> <p>A) Stormwater Passive Capture and Volume Accounting B) Stormwater Active Diversion and Volume Accounting C) Recycled Water Delivery and Volume Accounting D) Imported Water Delivery and Volume Accounting E) Vector Control Coordination F) Weeding Monthly in Areas of Impact G) Landscape and Property Maintenance H) Operate and Maintain GWR Communication Infrastructure I) Operate and Maintain Diversion Infrastructure J) Infiltration Restoration Lead Agency K) Infiltration Restoration - support agency L) Basin grading maintenance - lead agency M) Basin grading maintenance - support agency N) Biologic Surveys and Biological Permitting</p> <p>sources: Chino Basin WCD and IEUA</p>					

As shown above, IEUA plays a significant role in accounting, operating, and maintaining the Chino Basin WCD basins. The outline below summarizes the activity roles from the figure above:

- **IEUA only, all basins**
 - Stormwater passive capture and volume accounting
 - Stormwater active diversion and volume accounting

- Imported water delivery and volume accounting
- Weeding monthly in areas of impact
- Operate and maintain GWR communication infrastructure
- Operate and maintain diversion infrastructure
- Biologic surveys and biological permitting
- **IEUA only, various basins**
 - Recycled water delivery and volume accounting
- **Chino Basin WCD only, all basins**
 - Landscape and property maintenance
- **Chino Basin WCD only, various basins**
 - Vector control coordination
- **IEUA and Chino Basin WCD, various basins**
 - Infiltration restoration - lead agency
 - Infiltration restoration - support agency
 - Basin grading maintenance – lead agency
 - Basin grading maintenance – support agency

The district's basins from FY 2005-06 through FY 2012-13 captured and recharged an average of 9,848 acre-feet of water. Of the 9,848 acre feet of water captured, the annual average includes 2,411 acre-feet of storm and nuisance water; 1,058 acre-feet of recycled water; and 6,378 acre-feet of imported water. According to the district, utilizing the Metropolitan Water District's Tier 2 treated rate (\$997/ac. ft.), the nominal present value of the average captured and recharged water is over \$9,815,000.

Because storm runoff water represents a potential threat to both residential and commercial property owners, yet is the most economical source for recharge of the Basin water supply, Chino Basin WCD works closely with the Watermaster and the Flood Control District through mutual cooperative efforts, the most effective balance between flood control and water conservation result. As a consequence, a number of Chino Basin WCD land acquisitions and construction projects for water conservation purposes have been made with the Flood Control District and others in mind. Historically, the district has also constructed diversion facilities and improvements to Flood Control District owned basins that help replenish the Chino Basin. Water retained by these facilities would otherwise be lost in flows to the Santa Ana River.

In 2000, the County Board of Supervisors approved a five-year cooperative agreement with five five-year options to extend with the Chino Basin WCD for the construction of additional improvements to the Grove Basin, including an outlet to the detention basin.¹⁷ The Flood Control District completed construction of the Grove Basin Drain in 2000, the Grove Avenue Basin in 2001, and the Riverside Storm Drain in 2004 as a means of

¹⁷ County contract No. 00 -1086. In order to increase ground water recharge through the capture and percolation of storm and local run-off water, the District participated financially in increasing the depth of the San Bernardino County Flood Control District's Grove Basin when constructed in the late 1990s and early 2000s and so includes the recharged water from that basin in the CBWCD's recharge figures.

minimizing future flooding in the Chino Agricultural Preserve area. The Flood Control District, in exchange for financial participation by the Flood Control District in the construction of the Basin, allowed the bottom portion of the Basin to be used for water conservation. As part of the agreement, Chino Basin WCD performs weed abatement on the bottom of Grove Basin and a portion of the slopes. The original term of the cooperative agreement was from October 25, 2000 through October 24, 2005 and has been extended to 2015. Three five-year options remain.

Other Agencies

Monte Vista Water District

The Monte Vista Water District operates four Aquifer Storage and Recovery ("ASR") groundwater wells which inject high quality water into the ground when water is plentiful, usually in wet winter months. When additional groundwater production is needed, in the hot summer months or in times of severe drought, ASR wells reverse operations and extract groundwater from the aquifer similar to typical production wells.

The total injection and recharge capacity of the district's ASR wells is 4.9 million gallons per day, which equates to an annual capacity in excess of 5,000 acre-feet per year (AFY). This represents just over 7% of the total recharge capacity in the Chino Basin. In addition to its ASR program, the district is a party to the Chino Basin Judgment (1978) and a signatory to the Chino Basin Peace Agreement (2000) which incorporates an Optimum Basin Management Program for the Chino Basin. The district has participated in the funding for recharge projects across the Chino Basin, and, for projects that create additional stormwater capture, the district receives additional groundwater production rights.

Finally, IEUA recharges recycled water into the Chino Basin for the benefit of its contracting parties, including the City of Montclair. The Monte Vista Water District has a Recycled Water Purchase Agreement (2007) with the City that gives the district exclusive right to purchase the City's share of this recycled water recharge. The recycled water is recharged in facilities across the Chino Basin under a permit from the Santa Ana Regional Water Quality Control Board.

City of Upland

City staff operates not only its own recharge basins but facilities for IEUA and the Pomona Valley Protective Association in Los Angeles County.

In 2005, the City of Upland, IEUA and Chino Basin Watermaster entered into an agreement that IEUA and Chino Basin Watermaster could utilize the capacity of Upland Basin not used for flood control for groundwater recharge. IEUA and Watermaster contributed \$750,000 towards construction of Upland Basin and received a minimum recharge pool volume of 200 acre-feet. With this funding contribution, Upland assured IEUA and Watermaster that the facility would be used to the maximum practical extent for groundwater recharge. Maintenance costs due to recharge activities would be the responsibility of IEUA and Chino Basin Watermaster.

Optimum Basin Management Program

The Superior Court mandated that the Chino Basin Watermaster develop an Optimum Basin Management Plan ("OBMP"), with reports of progress and annual reports to be submitted to the Court and the major parties. The OBMP sets forth an overall management guide to clean the Chino Basin groundwater aquifer (which consists of several subareas) and to increase the yield of the Chino Basin for the water purveyors and other large groundwater producers in the Basin. In its simplest form the program consists of a number of actions that increase the recharge of water into northern and central portions of the Basin; extract high salt and nitrate contaminated water at the south end of the Basin; and provide for conjunctive use by expanding storage in the Basin. A key component of the OBMP implementation program is the recharge of the Chino Basin groundwater aquifer with stormwater, recycled water and imported water both to offset forecast increases in groundwater extraction and to increase the groundwater in storage.

The end result is that 20 recharge basins, almost all originally designed and installed by the Flood Control District, have been prepared to receive a mix of stormwater, recycled water and imported water to increase the volume of groundwater in storage within the Chino Basin. The necessary connections (pipelines and turnouts) have been installed and additional facilities are being considered, reviewed and funded on an ongoing basis.

The Watermaster has identified three recharge priorities. Capture of storm water has been identified as the top priority by the Watermaster. Increasing the yield of the Basin with this high quality source of water will improve groundwater quality and increase the assimilative capacity of the Basin. The second priority for recharge is the use of the high quality recycled water produced at IEUA's wastewater treatment facilities. Over 60,000 acre-feet of recycled water is currently produced and there is approximately 20,000 acre-feet of capacity in the Chino Basin to be recharged. In 2005, the Santa Ana Regional Water Quality Control Board issued the permit for the use of recycled water for groundwater recharge. This is the first permit for indirect potable reuse in California that received unanimous local and statewide support. In 2007, the permit was updated to include additional recharge sites. In 2009, the permit was amended to increase the averaging period used for compliance to 120 months and to allow groundwater underflow to be used as diluent in the computation of the running average Recycled Water Contribution.

The third priority for recharge is the use of imported water supplies. The Groundwater Recharge Master Plan identifies opportunities to use these supplies during wet years when surplus water is available.¹⁸ The Agreement for Operation and Maintenance of Facilities to Implement the Groundwater Recharge Master Plan is commonly referred to as the Four Party Agreement or the Peace Agreement, and was entered into by the Flood Control District, IEUA, Chino Basin WCD, and IEUA to cooperate in a program to implement certain portions of the Recharge Master Plan for the purpose of assuring that the Chino Basin has adequate recharge capabilities to meet its future needs. The

¹⁸ 2011 Urban Water Management Plan

effective date of the agreement was January 23, 2003 and continues through December 31, 2032.

To provide a comprehensive program to increase the recharge of storm-water, recycled water, and imported water into the Chino Basin groundwater aquifer, the Groundwater Recharge Master Plan was developed in 2001 (and updated in 2010) as part of the Watermaster OBMP. A 2013 Recharge Master Plan Update to the 2010 Recharge Master Plan was recently completed. The update evaluated 27 yield enhancing capital projects for the Chino Basin and recommends implementation of 11 projects over the next six years. IEUA has agreed to finance three of the projects (RP 3 basin improvements, Victoria Basin, and Lower Day). The remaining projects require additional investigation to evaluate the feasibility and cost-effectiveness of incorporating the basins into the recharge program.

The same member agencies of the Groundwater Recharge Master Plan (Four Party Agreement) are on the Groundwater Recharge Coordinating Committee ("GRCC"). The purpose of the GRCC is to coordinate and manage the use of the recharge basins for all recharge purposes contemplated under the Groundwater Recharge Master Plan. Each of the Parties is entitled to appoint one member and one alternate member to the GRCC. The GRCC meets quarterly or as often as necessary to facilitate full coordination of groundwater recharge operations.

In addition, Watermaster holds the water right permits to divert, percolate and store stormwater. Operation of the facilities is handled by IEUA, which defers to Flood Control District during storm periods. Watermaster and IEUA have a joint recharge permit from the Regional Water Quality Control Board for the recharge of imported, storm and recycled water.

Water purveyors in the Chino Basin also participate in a variety of in-lieu groundwater storage programs whereby they receive imported water from Metropolitan Water District in-lieu of pumping groundwater. These programs result in decreased pumping when water is delivered and increased pumping later. Historically, these have included Metropolitan Water District's cyclic, replenishment water and conjunctive use programs.¹⁹

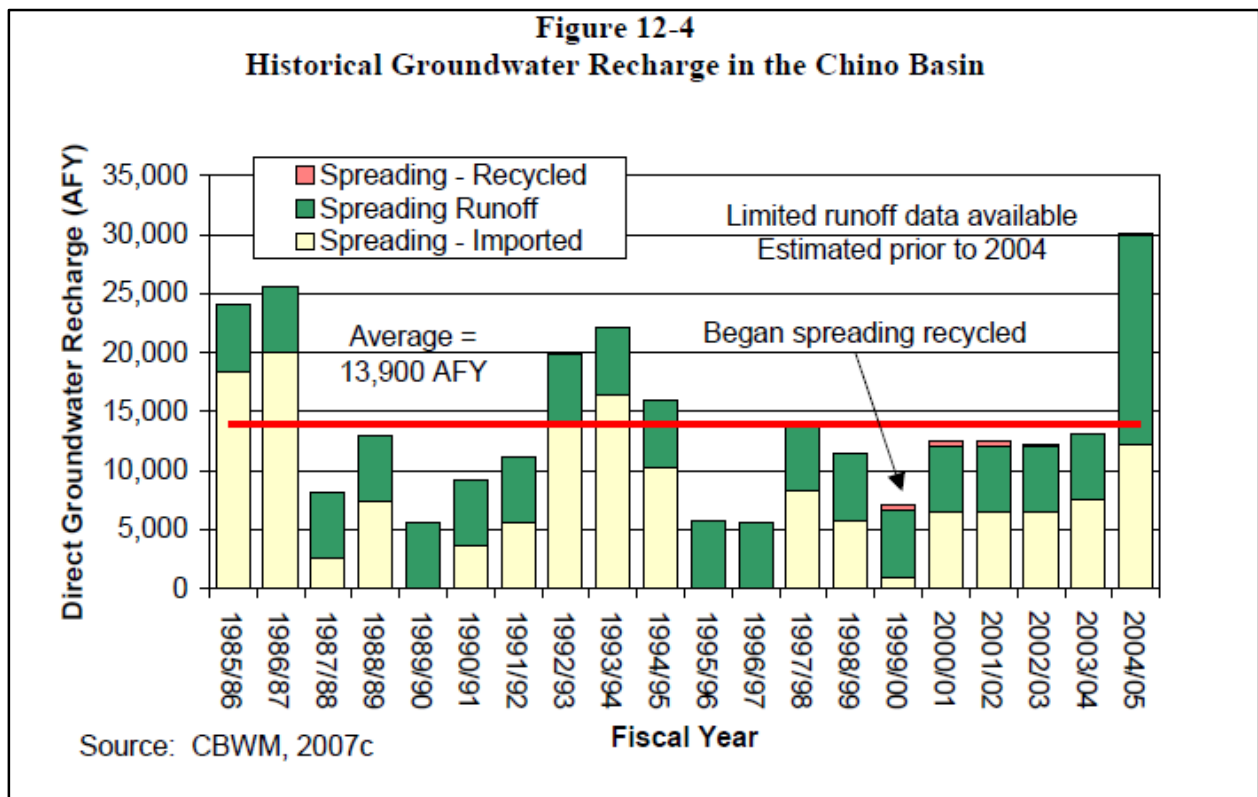
Spreading in the Chino Basin

Imported water, recycled water and runoff (to include surface water) are currently spread in the Chino Basin. As shown in the figure below, an average of about 13,900 AFY has been spread between fiscal years 1985-86 and 2004-05.²⁰ About 7,700 AFY has been recharged with imported water from Metropolitan Water District during this time. Runoff recharge was not measured prior to 2004; however, the Watermaster estimates that the historical runoff spread was approximately 5,600 AFY. In fiscal year 1999-00, recycled water began to be recharged in the Ely Basins and, an average of about 300 AFY of recycled water has been recharged in the Chino Basin through 2004-05.²¹

¹⁹ Chino Basin Recycled Water Groundwater Recharge Program, 2013 Annual Report, 1 May 2014

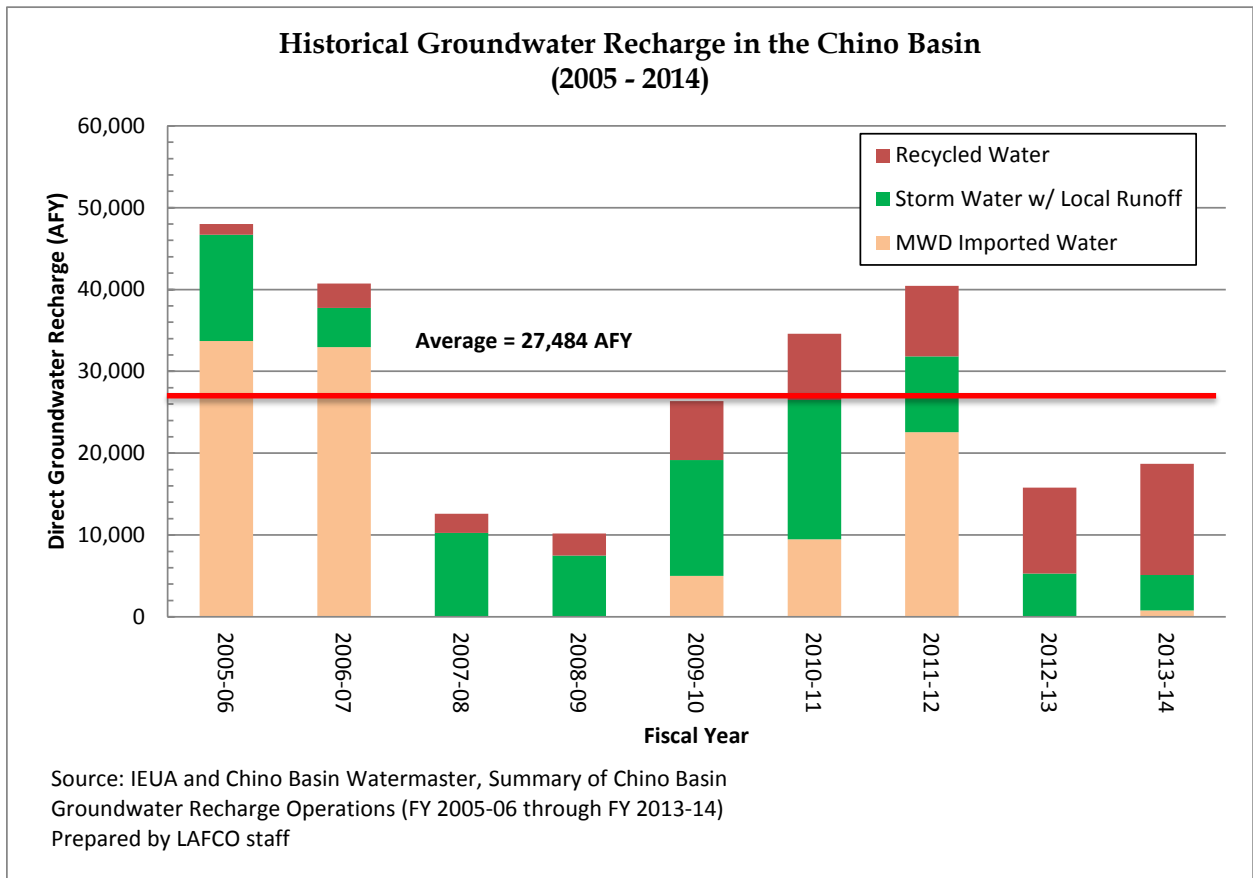
²⁰ Chino Basin Watermaster, 2007. Recharge data provided 3/28/07. As cited in Metropolitan Water District.

²¹ Metropolitan Water District.



Source: IEUA Recharge Master Plan

Expanding from the above data, 27,484 AFY has been spread from FY 2005-06 through FY 2013-14. Below LAFCO staff has created a figure to illustrate the amount of groundwater recharge from all three sources. As shown, storm water recharge has declined significantly since FY 2010-11 (due to the drought), being less than the storm water recharge average during this timeframe. What was first considered a recharge source to reduce reliance on imported water from Metropolitan Water District, due to the current drought recycled water has now become a necessity for the basin.



SUMMARY OF CHINO BASIN GROUNDWATER RECHARGE OPERATIONS									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Recycled Water	1,304	2,989	2,340	2,684	7,210	8,065	8,634	10,479	13,593
Storm Water w/ Local Runoff	12,999	4,770	10,243	7,498	14,141	17,051	9,266	5,298	4,299
MWD Imported Water	33,705	32,968	0	0	5,001	9,465	22,560	0	795
TOTAL	48,008	40,727	12,583	10,182	26,352	34,581	40,460	15,777	18,687
units in acre-feet									
source: IEUA and Chino Basin Watermaster, Summary of Chino Basin Groundwater Recharge Operations (FY 2005-06 through FY 2013-14)									
Average = 27,484 acre feet/year									

Cucamonga Valley Basin Description

The Cucamonga Valley Basin comprises roughly 15 square miles and underlies the northern part of upper Santa Ana Valley. It is bounded on the north by alluvium abutting the San Gabriel Mountains and on the west, east, and south by the Red Hill fault. This portion of the upper Santa Ana Valley is drained by Cucamonga and Deer Creeks to the Santa Ana River.

The groundwater rights for the Cucamonga Basin were adjudicated, as defined in the 1958 Judgment of the Superior Court (Decree No. 92645). Currently, the Chino Basin

Watermaster has been designated to manage the Cucamonga Basin. The basin's legal boundary as stipulated in the Judgment is smaller than the geologic boundary of the basin. As defined in the Judgment, the eastern boundary of the basin is not based on geologic features, thus a portion of the geologically defined basin is within the legal boundary of the Chino Basin.

Recharge to the sub-basin is provided by infiltration of stream flow, percolation of rainfall to the valley floor, underflow from the San Gabriel Mountains, and return irrigation flow. Additional recharge to the sub-basin is from storm flow at spreading grounds along Cucamonga Creek and near Red Hill and Alta Loma. Groundwater flow generally is southward from areas of recharge in the north towards the Red Hill fault in the south. As part of the Judgment, San Antonio Water Company is required to recharge a minimum of 2,000 AFY of imported water (mostly runoff) into the basin annually as calculated over a 10-year period. Over this period, 95 percent of any additional water spread may be added to San Antonio Water Company's adjudicated right. It is the goal of the Cucamonga Valley Water District to finalize a management plan for the Cucamonga Basin and work with the San Antonio Water Company to develop a conjunctive use and recharge program to minimize the impacts of overproduction in the Cucamonga Basin.

Retail water providers are the Cucamonga Valley Water District, and the following private entities: San Antonio Water Company, Sunset Water Company, Alta Loma Mutual Water Company, and Foothill Irrigation Company.

No groundwater banking, storage, or transfers occur within the Cucamonga Basin. Total storage space in the basin is unknown.

B. Capture and Recharge of Surface Water and Stormwater/Runoff – East Valley

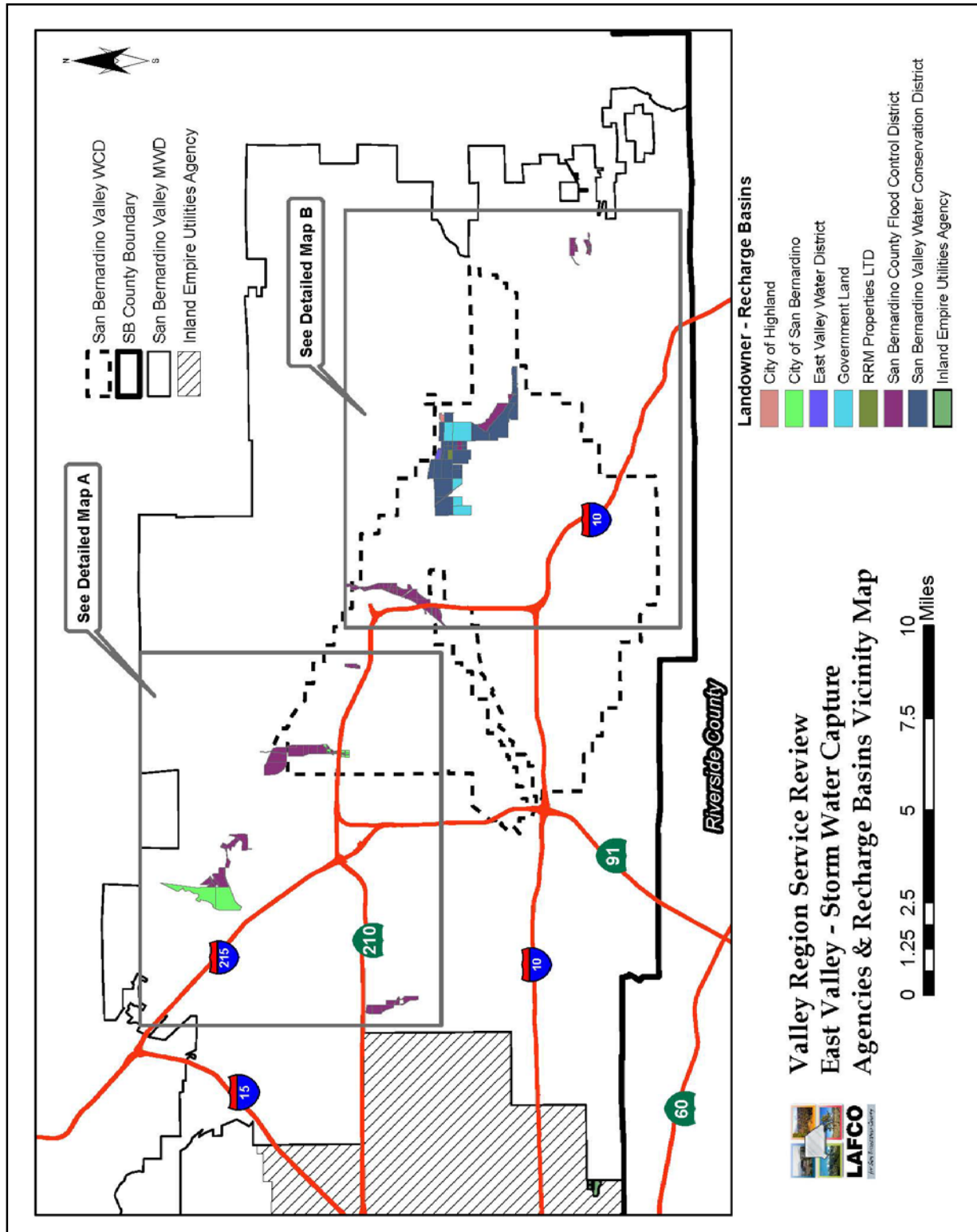
There are, or portions of, five basins within the East Valley. Below is a summary of the basins from the Department of Water Resources ("DWR"). As part of the California Statewide Groundwater Elevation Monitoring Program and pursuant to the California Water Code §10933, DWR is required to prioritize California groundwater basins, so as to help identify, evaluate, and determine the need for additional groundwater level monitoring. As identified by the DWR, the Bunker Hill and Riverside-Arlington basins have been designated as High Priority basins and the others as Medium Priority basins for future monitoring. The discussion which follows provides additional information on the basins and the efforts to improve water quality through recharge.

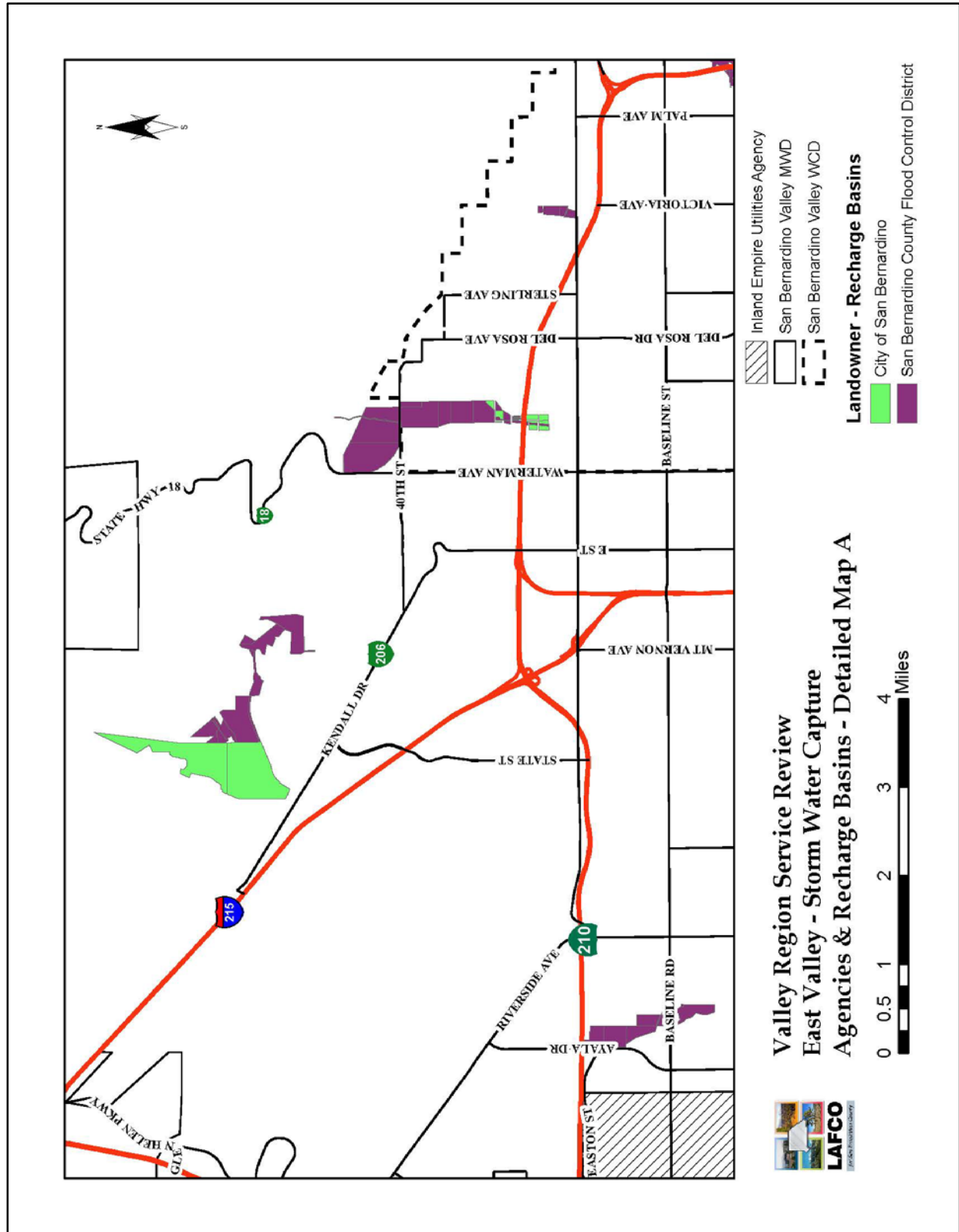
California Statewide Groundwater Elevation Monitoring Program									
Upper Santa Ana Valley Basin - East Valley									
DWR Rating (1 = low, 5 = high)									
Sub-Basin	Sq. Miles	2010 Pop.	Pop.	Pop. Growth	GW Reliance	Impacts	Basin Priority	Impact Comments	
Bunker Hill	127	363,394	4	1	3	3	High	Impacted with toxins from Newmark Superfund site & perchlorate from Crafton-Redlands plume.	
Rialto-Colton	47	145,832	4	1	3	3	Medium	Extensive perchlorate contamination in basin.	
Riverside-Arlington	92	336,884	4	2	4.5	5	High	Water quality degradation issues known in several public supply wells.	
San Timoteo	115	54,169	2	5	2.5	3	Medium	High nitrates and salinity. Upper basin water quality issues.	
Yucaipa	40	65,180	3	1	3.5	5	Medium	Overdraft. Documented impacts of nitrates and sulfates.	

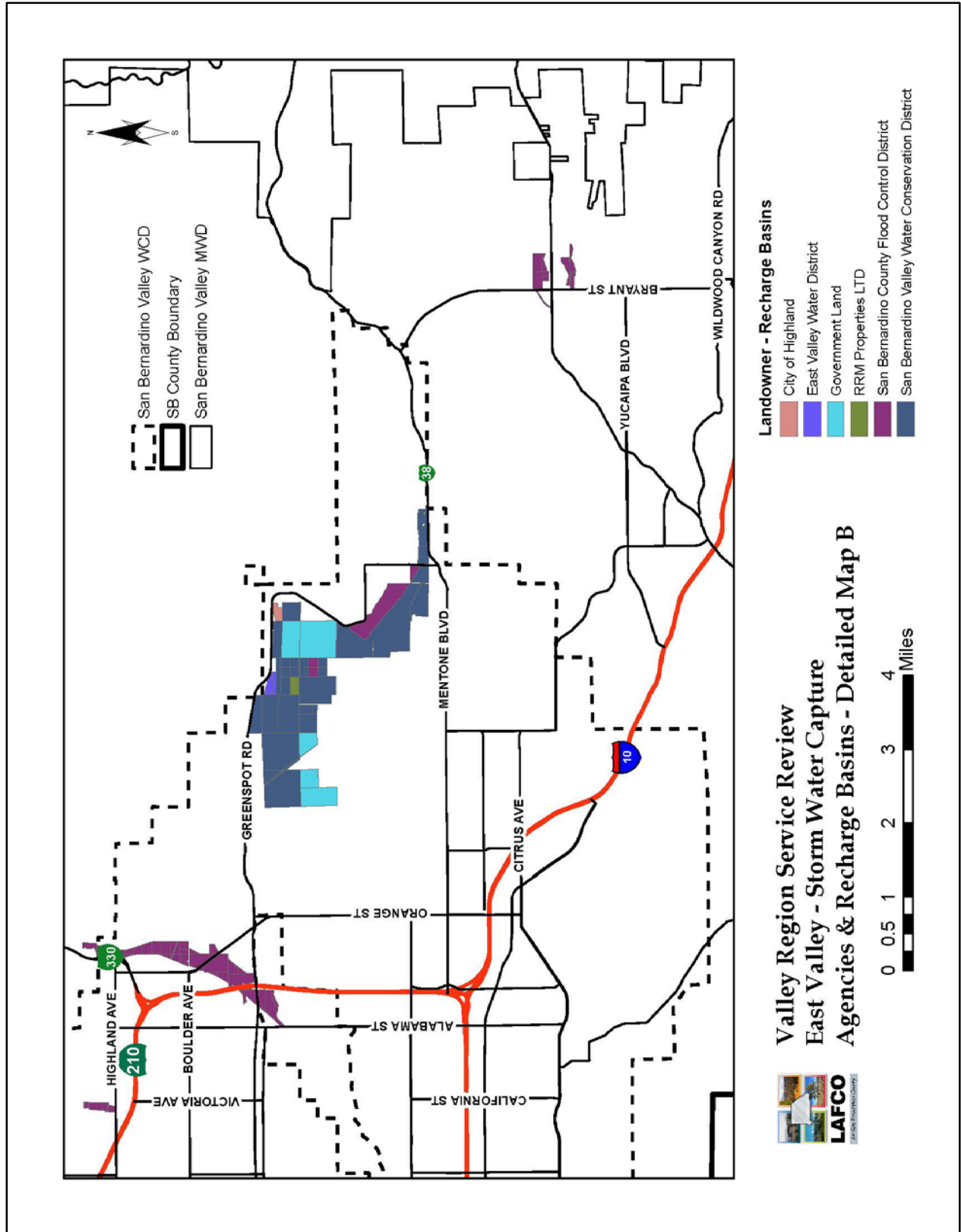
The following agencies actively recharge the groundwater basins (not limited to stormwater/runoff) or account for recharge within the general East Valley. The San Bernardino Valley Municipal Water District encompasses the whole of the agencies under LAFCO review. The San Bernardino Valley Municipal Water District is the court-appointed watermaster for the San Bernardino Basin Area which includes the Bunker Hill Basin in San Bernardino County, which extends into Riverside County.

- Primary Agencies
 - San Bernardino Valley Municipal Water District
 - San Bernardino Valley Water Conservation District
 - San Bernardino County Flood Control District
- Secondary Agencies
 - Beaumont-Cherry Valley Water District
 - City of San Bernardino Municipal Water Department
 - East Valley Water District
 - West Valley Water District
 - Yucaipa Valley Water District

Numerous existing groundwater recharge facilities (spreading grounds or spreading basins) are located in the San Bernardino Basin Area, Rialto-Colton, and Yucaipa basins. The locations of these facilities are shown below, and selected characteristics are summarized in the following table. Existing turnouts serve each recharge facility, with the exception of the Cactus Spreading and Flood Control Basins, which would be served by the Cactus Basins Pipeline proposed by MUNI. A description of each spreading ground follows.







Facility Name	Owner or Operator	Conveyance Used to Serve Facility Turnout Name & Capacity (cfs)	Recharge Facility Characteristics ¹			
			Active Recharge Facility Area ² (acres)	Percolation Rate ³ (feet/day)	Monthly Capacity (AF)	Groundwater Basin (and Subbasin) Recharged ⁴
SAR Spreading Grounds	SBVWCD	Foothill Pipeline	64 ⁴	3	12,000	SBBA (Bunker Hill)
		Santa Ana Low Flow (288)				
		Santa Ana Intake (200 Max)				
Devil Canyon and Sweetwater Basins	SBCFCD ⁵	Foothill Pipeline	30	1.5	1,350	SBBA (Bunker Hill)
		Sweetwater (37)				
Lytle Basins	Lytle Creek Water Conservation Association	Fontana Power Plant	Variable	1.5	Variable	SBBA (Lytle Creek)
		Constructed drainage channel				
City Creek Spreading Grounds	SBCFCD	Foothill Pipeline	75	1.5	3,375	SBBA (Bunker Hill)
		City Creek (60)				
Patton Basins	SBCFCD	Foothill Pipeline Patton (12)	3	0.3	27	SBBA (Bunker Hill)
Waterman Basins	SBCFCD	Foothill Pipeline	120	0.5	1800	SBBA (Bunker Hill)
		Waterman (135)				
East Twin Creek Spreading Grounds	SBCFCD	Foothill Pipeline	32	1.5	1440	SBBA (Bunker Hill)
		Waterman (135)				
Badger Basins	SBCFCD	Foothill Pipeline	15	0.5	225	SBBA (Bunker Hill)
		Sweetwater (22)				
Mill Creek	SBVWCD	Greenspot Pipeline	66	3	6,000	SBBA (Bunker Hill)
		Mill Creek Spreading (50)				
		Mill Creek Intake (110)				
Cactus Spreading and Flood Control Basins	SBCFCD	San Gabriel Valley MWD Lytle Pipeline	46	1.5	2,070	Rialto-Colton
		Lower Lytle Creek (55)				
Wilson Basins	SBCFCD	East Branch Extension	12	1	360	Yucaipa subbasin
		Wilson Basins (30)				
Garden Air Creek	Valley District	East Branch Extension	n/a	n/a	n/a	San Timoteo subbasin
		Garden Air Creek (16)0				

¹ Values are from tabulation on map contained in Water Right Application by Valley District and Western to appropriate water from the SAR or by engineering evaluation of spreading grounds.

² Recharge facility area is the geographical extent of each basin that can be inundated for recharge.

³ Estimated percolation rate. This is the estimated rate at which water can percolate into the ground through the basin, expressed in feet per day. The values used have generally been computed from the annual recharge capacity. These rates are typically about one-half of the percolation rates presented by the USGS (1972). The use of the small percolation rates is reasonable in that it would involve longer-term percolation rates that are typically smaller than short-term rates.

⁴ Note that there may be flow out of the subbasin or basin identified. For example, a report by Geoscience Support Services, Inc. (1992) estimated that only 36 percent of the water recharged in the upper Lytle Creek area remains in the Lytle Creek subbasin, while most of it flows to the Rialto-Colton subbasin.

⁵ Recharge facility area based upon 4/11/03, SBVWCD Report: "SBVWCD Basin Storage Capacity for SAR and MC." Or by estimating using GIS.

Source: Upper Santa Ana River Watershed: Integrated Regional Water Management Plan. 2015.

In response to the draft staff report, SB Valley WCD clarifies the data in the chart above:

- SAR Spreading Grounds – Diversion capacity at Cuttle Weir is approximately 900 CFS, current capacity under Greenspot trail is 200-250 CFS. Enhanced Recharge Cooperative project is designed to increase to 500 CFS.
- Mill Creek Row - Two 50 CFS canals can deliver a peak of 100 CFS. Improvements are in design to upgrade the reliability at this capacity during more productive storm events.

In response to the draft staff report, Flood Control District clarifies the data in the chart above by noting that its Oak Glen and Wildwood basins are a part of the Yucaipa area basins.

Basin Descriptions

The following descriptions of the five sub-basins is taken from the Department of Water Resources Bulletin 118 (last updated 2004):

Bunker Hill Sub-basin

The Bunker Hill sub-basin underlies the San Bernardino Valley and comprises 120 square miles. This sub-basin is bounded by contact with consolidated rocks of the San Gabriel Mountains, San Bernardino Mountains, and Crafton Hills, and by several faults. The Santa Ana River, Mill Creek, and Lytle Creek are the main tributary streams in the sub-basin. Groundwater generally converges toward the Santa Ana River in the southwestern part of the sub-basin and discharges over the San Jacinto fault at Colton Narrows.

Recharge to the Bunker Hill Sub-basin historically has resulted from infiltration of runoff from the San Gabriel and San Bernardino Mountains. The Santa Ana River, Mill Creek, and Lytle Creek contribute more than 60 percent of the total recharge to the groundwater system. Lesser contributors include Cajon Creek, San Timoteo Creek, and most of the creeks flowing southward out of the San Bernardino Mountains. The sub-basin is also replenished by deep percolation of water from precipitation and resulting runoff, percolation from delivered water, and water spread in streambeds and spreading grounds.

Rialto-Colton Sub-basin

The Rialto-Colton Sub-basin underlies a portion of the upper Santa Ana Valley in southwestern San Bernardino County and northwestern Riverside County and comprises 47 square miles. This sub-basin is bounded by the San Gabriel Mountains on the north, the San Jacinto fault on the east, the Box Spring Mountains on the south, and the Rialto-Colton fault on the west. Lytle Creek drains this part of the valley

southeastward to its confluence with the Santa Ana River in the southern part of the sub-basin.

The principal recharge areas are Lytle Creek in the northwestern part of the sub-basin, Reche Canyon in the southeastern part, and the Santa Ana River in the south-central part. Lesser amounts of recharge are provided by percolation of precipitation to the valley floor, underflow, and irrigation and septic returns. Underflow occurs from fractured basement rock and through the San Jacinto fault in younger Santa Ana River deposits at the south end of the sub-basin and in the northern reaches of the San Jacinto fault system.

Riverside-Arlington Sub-basin

The Riverside-Arlington Sub-basin underlies part of the Santa Ana River Valley in northwest Riverside County and southwest San Bernardino County and comprises 92 square miles. This sub-basin is bound by impermeable rocks of Box Springs Mountains on the southeast, Arlington Mountain on the south, La Sierra Heights and Mount Rubidoux on the northwest, and the Jurupa Mountains on the north. The northeast boundary is formed by the Rialto-Colton fault, and a portion of the northern boundary is a groundwater divide beneath the Bloomington community. The Santa Ana River flows over the northern portion of the sub-basin.

The Riverside-Arlington Sub-basin is replenished by infiltration from Santa Ana River flow, underflow past the Rialto-Colton fault, intermittent underflow from the Chino Sub-basin, return irrigation flow, and deep percolation of precipitation.

San Timoteo Sub-basin

The San Timoteo Sub-basin underlies Cherry Valley and the City of Beaumont in southwestern San Bernardino and northwestern Riverside Counties and comprises 114 square miles. The sub-basin is bounded to the north and northeast by the Banning fault and impermeable rocks of the San Bernardino Mountains, Crafton Hills, and Yucaipa Hills, on the south by the San Jacinto fault, on the west by the San Jacinto Mountains, and on the east by a topographic drainage divide with the Colorado River Hydrologic Region. The surface is drained by Little San Gorgonio Creek and San Timoteo Canyon to the Santa Ana River.

Groundwater is replenished by subsurface inflow and percolation of precipitation, runoff, and imported water. Runoff and imported water are delivered to streambeds and spreading grounds for percolation.

Yucaipa Sub-basin

The Yucaipa Sub-basin underlies the southeast part of San Bernardino Valley and comprises 39 square miles. It is bounded on the north by the San Andreas fault, on the west by the Redlands fault and the Crafton Hills, on the south by the Banning fault, and on the east by the Yucaipa Hills. The average annual precipitation ranges from 12 to 28 inches. This part of the San Bernardino Valley is drained by Oak Glen, Wilson, and

Yucaipa Creeks south and west into San Timoteo Wash, a tributary to the Santa Ana River.

Dominant recharge to the sub-basin is from percolation of precipitation and infiltration within the channels of overlying streams, particularly Yucaipa and Oak Glen Creeks, underflow from the fractures within the surrounding bedrock beneath the sub-basin, and artificial recharge at spreading grounds. Four artificial recharge facilities were noted in 1967 by the Department of Water Resources with a total capacity of about 56,500 af/yr. By increasing the spreading acreage along Oak Glen Creek by 25-50 acres, the capability exists to spread 7,000 to 14,000 af of surface water annually to recharge the Yucaipa Sub-basin.

San Bernardino Basin Area

The Bunker Hill Basin and surrounding areas comprise the San Bernardino Basin Area. The Bunker Hill Basin is an adjudicated groundwater basin through a 1969 judgment in *Western Municipal Water District v. East San Bernardino County Water District* which appointed MUNI and Western Municipal Water District as Watermasters for the San Bernardino Basin Area. As Watermaster, MUNI is required to monitor and replenish the basin when surface diversions and groundwater extractions exceed the determined safe yield. The defining geologic characteristic of the basin is a topography that generally slopes from the foothills of the San Bernardino National Forest down to the San Bernardino Valley floor. The Santa Ana River is a major feature traversing the area, providing a major water supply source for groundwater recharge as well as drainage and flood control. Groundwater extraction and replenishment activities must be carefully balanced in the Bunker Hill Basin due to the unique hydrogeology of the basin. As its primary mission, the San Bernardino Valley Water Conservation District is also responsible for replenishment of the Bunker Hill Basin which it accomplishes through a network of canals, diversion structures, and percolation basins.

According to MUNI, groundwater storage in the San Bernardino Basin Area is currently 650,000 acre-feet lower than it was in the base year, 1934. This new, historic low storage level is about 78,000 acre-feet lower than the previous, historic low storage level recorded in 1965.

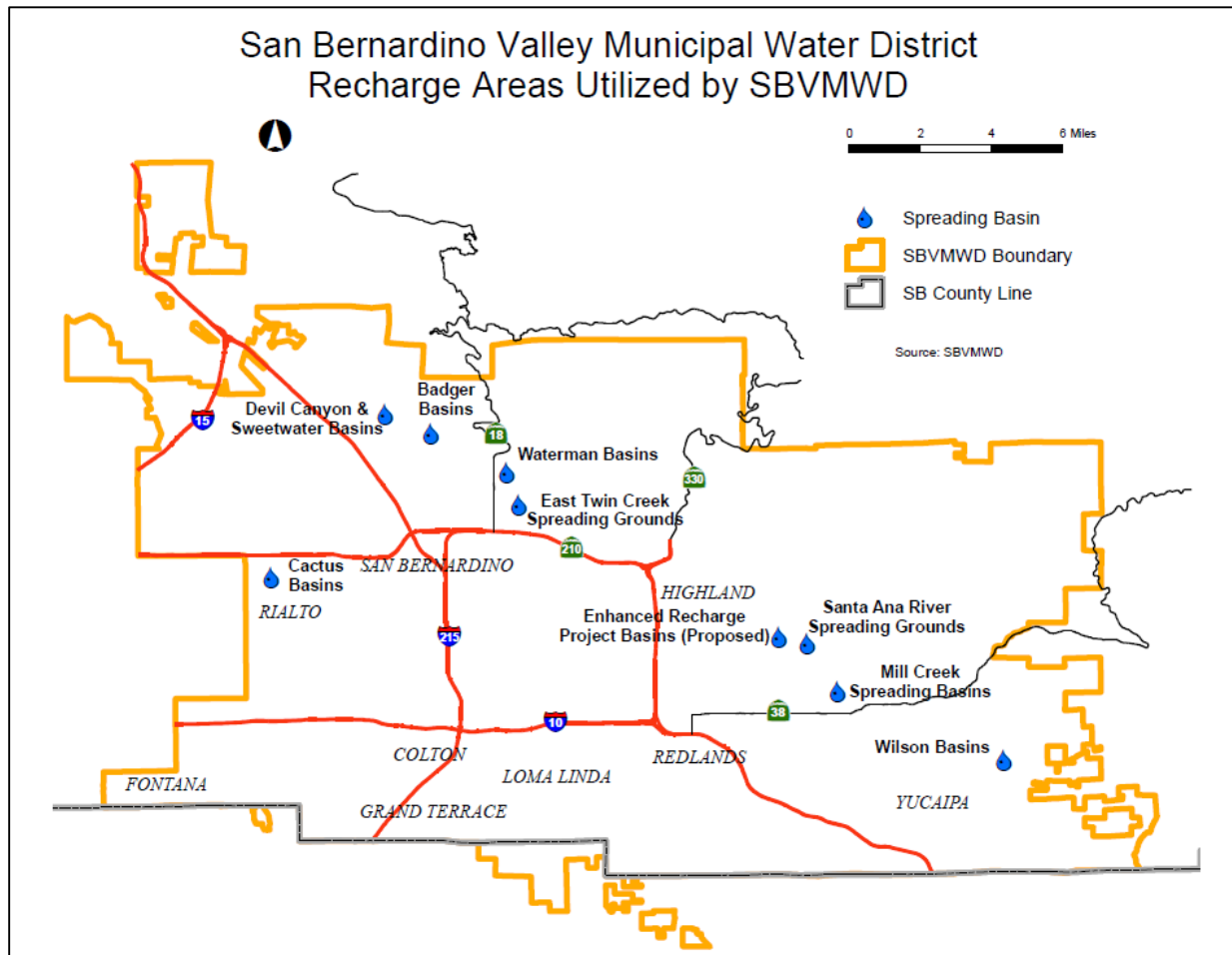
MUNI and SB Valley WCD cooperatively monitor and report on surface and groundwater for the Bunker Hill Basin. SB Valley WCD provides the Daily Flow Report for surface water and annual Engineering Investigation Report for groundwater levels and change in storage as required by the Water Code Section 75601.

San Bernardino Valley Municipal Water District

The San Bernardino Valley Municipal Water District ("MUNI") is responsible for long-range water supply management, including importing supplemental water, and is responsible for most of the groundwater basins within its boundaries and for groundwater extraction over the amount specified in the judgments. It has specific responsibilities for monitoring groundwater supplies in the San Bernardino and Colton-Rialto basins and maintaining flows at the Riverside Narrows on the Santa Ana River. It fulfills its responsibilities in a variety of ways, including importing water through the State

Water Project (“SWP”) for direct delivery and groundwater recharge and by coordinating water deliveries to retail agencies throughout its service area.

MUNI receives delivery of SWP water at the Devil Canyon Power Plant Afterbay, which is located just within its northern boundary. Water is conveyed 17 miles eastward to various spreading grounds, agricultural, and wholesale domestic delivery points in the San Bernardino Basin, which are shown in the figure below. Water is also conveyed westward for direct delivery and recharge in the Colton-Rialto basin.



Current and Future Projects

MUNI is currently undergoing or planning the following future recharge projects:²²

- The Enhanced Recharge in Santa Ana River Basins is a joint project with MUNI, the Western Municipal Water District, Riverside Public Utilities and SB Valley WCD. The first phase involves construction of intake improvements, a sedimentation basin, new canal, 96-inch diameter pipeline and new recharge ponds. The second phase involves construction of additional 96-inch diameter

²² Neil Nisperos, “Inland Empire Water Agencies Shoring Up Supply for Times of Drought,” *San Bernardino Sun*, 13 January 2015.

pipeline to connect to the Metropolitan Water District of Southern California 12-foot diameter Inland Feeder Pipeline. Phase 1 is currently in process and is expected to cost \$35 million. Overall, this project is expected to capture and recharge an average of 12,000 acre-feet per year. A grant from the Santa Ana Watershed Project Authority provides additional funding and SB Valley WCD provides land, environmental mitigation support and long term operations.

- **Riverside North Aquifer Storage and Recovery Project.** A rubber dam that will traverse the Santa Ana River just south of the 10-215 Freeway interchange. The new infrastructure is expected to provide an additional 12,800 acre-feet of water and will help recharge the area's water basin. \$25 million.

Active Recharge Project. New infrastructure to capture more storm water at various creeks connecting to the Santa Ana River. Estimated yield would mean an additional 26,000 acre-feet annually. The cost has yet to be determined, and the district is in the initial stages of identifying locations.

- **Plunge Creek Conservation Project.** New infrastructure and operations to direct and slow stormwater increasing recharge and habitat quality. The joint project with the USFWS and funding from Proposition 84 funding through the Santa Ana Watershed Project Authority, it will increase recharge by approximately 1,200 Acre feet per year on average and increase habitat for the endangered species in the lower Plunge Creek area.

The additional capture and recharge facilities are made possible by the granting of additional Santa Ana River water rights by the State Regional Water Quality Control Board in 2010. The rights were granted to water agencies within the boundaries of MUNI and Western Municipal Water District. Water agencies within MUNI have a right to 72 percent of the new water rights, while agencies within Western have a right to 28 percent of the new water rights (derived from the 1969 Stipulated Settlement (Judgment) that governs groundwater rights in the San Bernardino Basin Area). The water agencies also share proportionally in the cost of improvements to capture and recharge facilities on a proportional basis. The 1969 Judgment provides that the annual "adjusted right" of each plaintiff to extract and export water from the San Bernardino Basin Area is the sum of (a) its base right, which was adjusted based on a determination of safe yield and is currently expressed as a percentage of safe yield; and (b) an equal percentage of any new conservation, provided the conditions described in the judgment are met.

- Other Than Plaintiffs Safe Yield Adjusted Right: 167,238 ac-ft
- Plaintiffs Safe Yield Adjusted Right: 64,862 ac-ft
- Sum of Other Than Plaintiffs and Plaintiffs Safe Yield Adjusted Right: $167,238 + 64,862 = 232,100$ ac-ft
- Other Than Plaintiffs—base right expressed as a percentage: $(167,238 / 232,100) * 100 = 72.05\%$ (water agencies within MUNI)
- Plaintiffs—base right expressed as a percentage: $(64,862 / 232,100) * 100 = 27.95\%$ (water agencies within Western MWD)

San Bernardino Valley Water Conservation District

The San Bernardino Valley Water Conservation District (“SB Valley WCD”) and its predecessors have conducted groundwater recharge activities since 1912 or earlier in two areas that overlie the Bunker Hill groundwater basin in the San Bernardino Valley. These areas are at the upper end of the Santa Ana River wash area and on Mill Creek just upstream of the confluence with the Santa Ana River (collectively, the wash area). The SB Valley WCD diverts surface water flows during both storm and normal runoff from the Santa Ana River and Mill Creek and channels the flows into two separate systems of recharge basins where it percolates into the groundwater basin for later pumping and use by local entities and private producers.

To accomplish the recharge, the district maintains 71 water percolation basins in the Mill Creek and Santa Ana River spreading grounds. The district also plans for, maintains or leases over 3,600 acres in the Santa Ana River Wash at and below the confluence of the Santa Ana River and Mill Creek. With water years 2013 and 2014 being dry years, the district recharged all water that was available; 7,946 acre feet of water successfully recharged into the groundwater basin for the water year ending September 30, 2013 and 8,153 acre feet for the water year ending September 30, 2014.

Until 1979, the Mill Creek Spreading Property was owned by the City of Redlands with the SB Valley WCD operating the recharge functions. In 1979, the City deeded the property to SB Valley WCD for \$1 for the sole purpose of water spreading. However, the City retained full rights to operate, build, and expand water facilities on the property.²³ After 2005, a facility has been built and operates seamlessly with other SB Valley WCD facilities.

SB Valley WCD has two water right licenses that allow for up to 10,400 acre feet of Santa Ana River water to be diverted for groundwater recharge during certain periods during the year. SB Valley WCD also claims to hold certain quantities of pre-1914 water rights on the Santa Ana River and Mill Creek.

Community Strategic Plan

The Community Strategic Plan for SB Valley WCD was adopted during FY 2012-13 and expanded upon the district’s 2010 Strategic Plan. The Strategic Plan completed in 2010 was created to assist the district board and management in the development of a vision for the district shortly after the 2009 effort to consolidate the district was terminated. The purpose of the update was to assess progress from the 2010 plan and to evaluate certain elements of the 2010 plan for community support and financial feasibility. Certain expansion strategies and financial issues were of concern to various communities and district partners. The board set aside the approved plan and commenced with the short term actions and seeking community and partner feedback on the Community Strategic Plan. The following table summarizes the Community Strategic Plan goals as described in more detail as they relate to the district’s mission in the rest of the plan.

²³ Letter dated 2 August 2005 from City of Redlands to LAFCO regarding LAFCO 2919 (SB Valley WCD service review).

No. Community Strategic Plan Goal

- 1** Increase and enhance basin water resources and conservation management through core mission efforts and enhancement projects.
- 2** Provide effective stewardship of District lands for environmental, water conservation and habitat management through the Wash Plan.
- 3** Continue to develop and improve financially sound and efficient District organization with secure foundation to better serve District partners and communities.
- 4** Deliver services and programs to improve non-retail outdoor water use efficiency and new groundwater recharge in the valley watershed.
- 5** Support Trails and outdoor recreation identified in the Wash Plan and in cooperation with District Partners and Communities where financially viable.
- 6** Develop staff and District organization to support District Mission and regional projects and programs.
- 7** Support and lead regional efforts related to water conservation and management of natural resources with District partners and communities.

Mining

Responsibly planning, managing and developing the district's lands are key to the sustainability of the district and its land holdings. A strategic goal related to this area is to continue to develop an alternate long term funding mechanism for the district to mitigate rates for groundwater producers and to fund district land management needs.

An example of these development proposals is aggregate mining leases which pay royalties to the district. In 2011 the district negotiated a revised agreement with CEMEX to provide Minimum Annual Guaranteed revenue to the district in the case that they did not mine the resources. The district also has agreements with Redlands Aggregate for permitted aggregate mining. In addition, the district has a contract with Robertsons Ready Mix, including a prepaid \$5 million royalty, which provides for mining on district property when new permitting is completed under the Wash Plan.

Other AgenciesCity of San Bernardino

Per the City of San Bernardino City Charter, the City of San Bernardino operates its water functions through its Municipal Water Department which has its own general manager and Board of Commissioners. The City routinely purchases State Water Project water from MUNI and schedules deliveries with MUNI at the three spreading basins (Devil Canyon, Badger, and Waterman).

Yucaipa Valley Water District

There are two primary recharge facilities. Water recharge occurs in the Wilson Creek Basins and Oak Glen Creek Basins, both facilities are owned by the Flood Control District. The Wilson Creek Basins are operated by the Flood Control District, MUNI, and

Yucaipa Valley WD. The Oak Glen Basins are operated by the Flood Control District, MUNI, Yucaipa Valley WD, and the City of Yucaipa.²⁴ The Oak Glen Creek Basin impacts portions of the downstream areas of Oak Glen and Wilson Creeks. The project improves flood control and overflow capabilities, passive recreational opportunities, habitat mitigation, and assists the Yucaipa Valley WD in developing adequate groundwater recharge capabilities to meet the future needs of the Yucaipa community. The facilities reduce the amount of water flow and sediment movement in the downstream areas of Oak Glen and Wilson Creeks.

Agreement to Develop and Operate Enhanced Recharge Facilities

In 2012 an agreement to Develop and Operate Enhanced Recharge Facilities was entered into by the SB Valley WCD, MUNI, and Western Municipal Water District (Riverside County). The purpose for the agreement is to allow for collaboration by increasing opportunities to recharge local surface water supplies, as well as State Project Water, in the San Bernardino Basin Area by reducing the time and cost required to permit and construct essential public infrastructure (such as spreading basins); and by working together to achieve an efficient division of labor in the operation and maintenance of water infrastructure.

The goal of the agreement is to harmonize their water resource activities with other uses, for the optimization of coordinated use by all. The other uses include the mining of sand and gravel mineral deposits pursuant to existing leases, and habitat conservation and management, pursuant to a series of multi-agency cooperative initiatives (as yet unapproved) involving local, state, and federal resource management and control agencies. The parties agreed that they must increase groundwater storage in the basin in order to meet current and future demands for water among their constituents. The agreement term is for 25 years with optional renewals.

Pursuant to the agreement, SB Valley WCD is to lease its facilities and land with financial compensation for the purpose of recharging to MUNI and Western MWD, and such use shall be only for the purpose of recharging, storing or conveying water from any source into or through the percolation basins and other facilities owned or controlled by the SB Valley WCD. The Agreement also requires SB Valley WCD to, hold in reserve, money from the lease payments to prepare for basin cleaning.

Current efforts include coordinating engineering, environmental and other planning. In 2013 and 2014 SB Valley WCD supported the final design and permitting as well as the construction and initial operations of the Enhanced Recharge facilities. The district will support these efforts with current field staff and contract personnel. Upon completion of the facilities and initial operations the district will budget to add an additional field staff person to assist in the operations and maintenance of the new facilities, as needed.

MOU between MUNI and County Flood Control District

Flood Control District owns and operates a number of flood control facilities within MUNI's operational boundaries. MUNI and Flood Control District first entered into a

²⁴ County of San Bernardino. Agreement No. 08-30. 8 Jan 2008.

cooperative agreement for MUNI to deliver water to several Flood Control District detention basins for purposes of recharging the groundwater basin in 1972, and both agencies have continued to cooperatively use these facilities since.

In 2013, MUNI and County Flood Control District entered into a ten-year planning memorandum of understanding for the purpose of working together in the planning and evaluation of Flood Control District facilities for joint use by Flood Control District and MUNI for both flood control and groundwater replenishment operations.²⁵ The goal of the MOU is to maximize the amount of water recharge performed while acknowledging the primary goal of Flood Control District facilities is to maintain adequate flood protection for the safety and protection of the public.

OWOW Grant

In 2012, the SB Valley WCD was selected for a One Water One Watershed grant under the Santa Ana Watershed Project Authority ("SAWPA") Integrated Regional Water Management Planning program. This project seeks to increase water recharge and endangered habitat in the Upper Plunge Creek. This project developed in conjunction with the Flood Control District, MUNI, and U.S. Fish and Wildlife service will support increased recharge, significantly improve habitat and help restore the healthy function of Plunge Creek. As a collaborative project, its shared benefits efficiently provide services to the region and it is an opportunity to work together with the resources agencies and habitat managers in the region. The project is located on district-owned land east of Orange Street and south of Greenspot Road within Division 1 of the District.

Upper Santa Ana River Habitat Conservation Plan (Wash Plan)

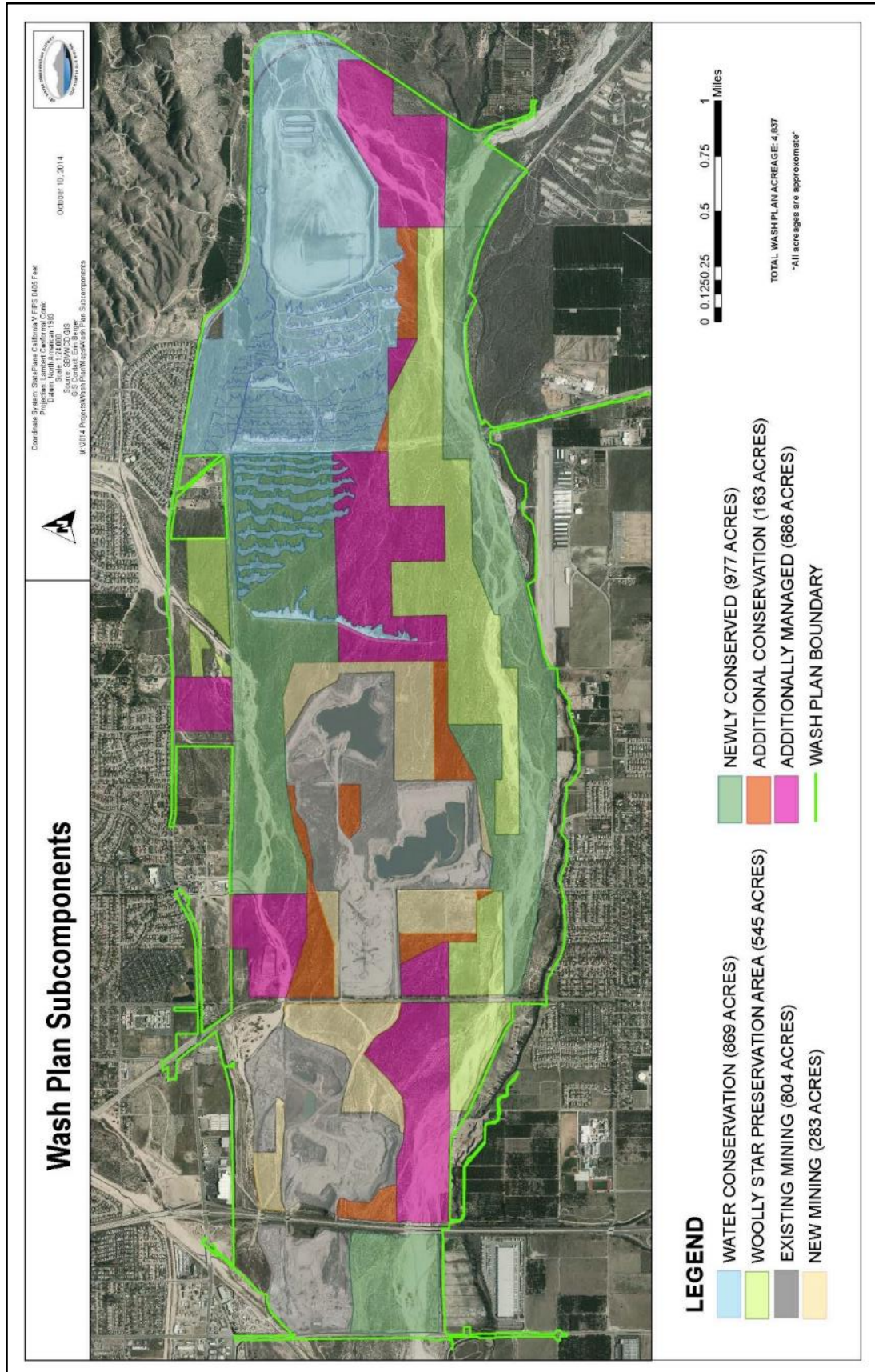
A key planning and management effort related to the land management enterprise is the Upper Santa Ana River Habitat Conservation Plan (also known as the Wash Plan). Located at the confluence of the Santa Ana River and Mil Creek the wash is bounded on south by the Santa Ana River, on the north and east by Greenspot Road, and continues west to Alabama Street. This plan is a long term environmental, infrastructure, and management approach to create a comprehensive program to manage the Wash Area. A map showing the Wash Plan sub-components is shown in the figure below; this map and a map of the Wash Plan covered activities are included as Attachment #2. The development of this plan has been and continues to be difficult and requires the participation of a Task Force, made up of stakeholder communities and partners as well as resource agencies, U.S. Fish and Wildlife Service, the Bureau of Land Management, and the California Department of Fish and Wildlife. The Task Force intends to have an approved program by Fall 2015.

In 2012 and 2013 the SB Valley WCD was able to work with the U.S. Fish and Wildlife Service to refocus efforts and increase progress toward completion of the Wash Plan Habitat Conservation Plan. The plan supports a land exchange between SB Valley WCD and the Bureau of Land Management to improve water recharge thereby enhancing local supplies and continuing to supply the region aggregate for local construction projects. This plan will contribute significant environmental improvements

²⁵ County Agreement No. 13-608. 23 July 2013.

May 13, 2015

to habitat for several endangered species including the San Bernardino Kangaroo Rat and the Santa Ana River Woolly Star plant in the wash. The plan also allows expanded water conservation facilities, mining, transportation and trails.



Advances to Wash Plan

SB Valley WCD provides various funding for Wash Plan operations on behalf of interested parties. Amounts are to be reimbursed to the district by members of the task force based on the Plan's formative agreement. As of June 30, 2014, the district received repayment of its 2013-14 expenses and its prior advances. The advancements and repayments for the past six audit years are shown below.

Year	2009	2010	2011	2012	2013	2014
Advances	\$0	\$8,242	\$68,875	\$51,142	\$26,459	\$150,043
Repayment	\$0	\$0	\$0	\$0	\$0	\$338,408

Habitat Management and Enhancement

Several strategic goals are related to this planning effort that are summarized by the Wash Plan's commitments to effective stewardship of easement lands owned and managed by the SB Valley WCD. According to SB Valley WCD, habitat management and enhancement in accordance with the Wash Plan is both a requirement and an opportunity for the district. However, SB Valley WCD is not authorized by LAFCO or State Law the function or service of habitat management or similar activity. Further, Water Conservation District Law does not allow for a water conservation district to provide habitat management services. Since March 2006, SB Valley WCD is authorized by LAFCO to provide "water conservation" and "surveys of water supply and resources" pursuant to the *Rules and Regulations of the Local Agency Formation Commission for San Bernardino County Affecting Functions and Services of Special Districts*. Should the district desire to actively provide habitat management and enhancement, it would need to receive special legislation to expand the scope of its authorized activities in Water Conservation District Law as well as submit an application to LAFCO requesting authorization to provide said service. As an alternative to SB Valley WCD providing habitat management and enhancement, the Inland Empire Resource Conservation District could perform this service as its parent act and LAFCO authorize it to do so.

According to SB Valley WCD, the land management aspects of the Wash Plan, however, will secure long-term mining leases and revenue streams to SB Valley WCD to pay for water conservation services, which is both "desirable" and "advantageous" to SB Valley WCD and the public.

Spreading in the San Bernardino Basin Area

Below is MUNI's recharge efforts within the San Bernardino Basin for years 2010-13:

Year	SBBA Recharge (all values in ac-ft)
2010	13,134
2011	14,540
2012	18,077
2013	7,937
Sum	53,688

Source: MUNI

C. Efforts to Reduce Consumer Consumption – Valley Wide

For efforts to reduce consumer consumption, the two water conservation districts in the Valley are neither 1) responsible for the demand reductions required by the Water Conservation Act of 2009 (10% demand reduction by 2015 and 20% by 2020), nor 2) responsible for helping the retail agencies within its boundary achieve their water use reductions as the water conservations districts are not “urban wholesale water providers”.²⁶

Santa Ana River Watershed Action Team

IEUA, Orange County Water District, MUNI, Western Municipal Water District, and Eastern Municipal Water District, formed the Santa Ana River Watershed Action Team (“TEAM”) to actively identify large-scale water supply and reliability projects that will provide benefits to the entire Santa Ana watershed. Some of the drought mitigation projects identified by TEAM include turf removal from commercial and residential landscaping, water use efficiency education, and technology based water conservation tools such as aerial imagery of the region to support future conversion to sustainable water budget rates by retail water suppliers.

A key goal for the TEAM is to secure grants and necessary funding, including Department of Water Resources Proposition 84 funding through the Santa Ana Watershed Project Authority’s “One Water One Watershed” (OWOW) program, to defray the cost to implement necessary projects. Such collaboration has enabled the Agency and partners to secure federal and state grant funding that has significantly advanced the capital investment in the region.

Inland Empire Garden Friendly

The Inland Empire Garden Friendly program was developed by the four major water suppliers of western Riverside and San Bernardino counties in California with cooperation from a university institute, conservation district and local botanic garden. The Inland Empire Garden Friendly program was created to assist consumers in locating and learning about climate-appropriate plants for the Inland Empire. The program provides educational opportunities and easily identifiable and obtainable sources of climate appropriate plants. The program conducts landscape workshops, plant sales, and provides information on water friendly plants and landscaping techniques. Its website is iegardenfriendly.com. The founding members are:

- Inland Empire Utilities Agency (San Bernardino County)
- San Bernardino Valley Municipal Water District (San Bernardino County)
- Chino Basin Water Conservation District (San Bernardino County)
- Water Resources Institute (San Bernardino County)²⁷

²⁶ Water Code 10608.36

²⁷ The Water Resources Institute is an academic partnership with the Southern California communities driven by the vision that sustaining water resources rests on sound research, analysis and public policy collaboration.

- Eastern Municipal Water District (Riverside County)²⁸
- Western Municipal Water District (Riverside County)²⁹
- Rancho Santa Ana Botanic Garden (Los Angeles County)³⁰

D. Efforts to Reduce Consumer Consumption – West Valley

Inland Empire Utilities Agency

In 2009, IEUA worked with its member agencies, to create a Regional Water Use Efficiency Partnership Workgroup. The Workgroup initiated an eight-step process that resulted in the creation of a regional Water Use Efficiency Business Plan to guide its future conservation efforts. The purpose of the Plan is to create the strategy to meet the region's per capita water demand goals. Among the proposed actions that the Regional Water Conservation Partnership Workgroup agreed to follow to implement the Plan include the following:

- Maintain existing and new conservation programs that assist the retail water agencies in complying with new regulatory initiatives.
- Maintain existing and develop new conservation programs that achieve a 10 percent reduction in annual water use over the next five years.
- Work with member agencies to coordinate conservation programs to optimize regional savings and streamline reporting requirements.
- Manage regional water use efficiency programs, incentives, and associated funding.

The Plan also identifies cost-effective water use efficiency programs to be implemented in order to achieve regional conservation goals. These programs place a strong emphasis on landscape irrigation efficiency since landscape water use represents a significant portion of the total water demand for the IEUA service area. These plans include: high efficiency nozzle installations, smart controllers for larger landscape sites, turf removal, water budgets, landscape evaluations, and education and outreach programs.

IEUA is a member of the Metropolitan Water District of Southern California ("Metropolitan"). Metropolitan provides rebates to Commercial, Industrial, and Institutional ("CII") customers for various water saving technologies through the Save a Buck Rebate Program and Public Sector Program. Rebates vary from \$30 to \$2,250 depending on the water savings device. The rebate eligible devices include high

²⁸ Since its formation in 1950, Eastern Municipal Water District has matured from a small, primarily agricultural-serving agency, to one whose major demands come from domestic customers.

²⁹ Western Municipal Water District was formed by the voters in 1954 to bring supplemental water to growing western Riverside County. Today, the District serves roughly 24,000 retail and eight wholesale customers with water from the Colorado River, State Water Project and groundwater.

³⁰ Rancho Santa Ana Botanic Garden promotes botany, conservation and horticulture to inspire, inform and educate the public and the scientific community about California's native flora. The Garden is devoted to the collection, cultivation, study and display of native California plants and to graduate training and research in plant systematics and evolution.

efficiency toilets, waterless urinals, cooling tower conductivity controllers, synthetic turf, pressurized water brooms, weather sensitive irrigation controllers, and locally implemented residential rebate programs, including the Landscape Turf Removal Program and the Landscape Retrofit Program. These rebate programs provide financial incentives to the CII sector to participate in water conservation activities in a cost effective manner.

Each year, IEUA prepares a comprehensive water-use efficiency report (Annual Water Use Efficiency Programs Report) which captures all of the activities from the past fiscal year. This report tracks the progress that has been made against the goals and objectives, identified in its long-term Water-Use Efficiency Plan. Member agencies receive service area specific data, which serves as a roadmap for developing the next annual budget and assists in evaluating overall program performances. For FY 2012-13, the direct water savings achieved through these regional water conservation activities is estimated at 646 acre-feet per year with an average lifetime savings of 7,376 acre-feet. For FY 2013-14, the direct water savings achieved through these regional water conservation activities is estimated at 486 acre-feet per year with an average lifetime savings of 4,216 acre-feet. These new water savings are in addition to IEUA's cumulative lifetime water savings of 101,983 acre-feet for all conservation activities since 1992.

IEUA operates the Chino Creek Wetlands and Educational Park located adjacent to the IEUA headquarters in Chino.³¹ The park consists of 22 acres that have been landscaped with a wide variety of "California Friendly" trees and grasses and features a state-of-the-art irrigation management system. Some of the key components of the park are the community education elements that weave throughout the site. The park serves as a demonstration area for the community on improving water supply, storm water treatment and water efficiency. It is a place for individuals to enjoy at their leisure as well as a facility to provide educational programs to students. The park's construction was partially funded by a grant from the State Water Resources Control Board. The Park's Water Discovery program has received a total of 212 field trips with 10,890 students since the inception of the program. In addition to the field trips, 7,266 community members and 4,384 students have taken part in IEUA's annual Earth Day celebration since 2007.

Since 2004, IEUA has reached over 19,000 students with its Garden in Every School program.³² The Garden in Every School Program educates the school, family, and community about water-wise usage through a garden landscape, featuring drought tolerant plants and efficient irrigation. The program works as an assisted grant: first, applicants participate in a mandatory introductory workshop. Then, selected applicants are awarded a grant valued at \$4,500 for IEUA to assist in the installation of an up to 2,000 square foot garden. The garden is designed, created, and installed through a series of hands on work sessions with teachers, parents, students, and program staff. IEUA participating agencies are eligible to participate in this program.

³¹ The Chino Basin Water Conservation District and Monte Vista Water District are among the sponsors of the park.

³² Sponsors of the program include: Inland Empire Utilities Agency and the Regional Conservation Partnership, composed of the Cities of Chino, Chino Hills, Ontario, Upland, Cucamonga Valley Water District, Monte Vista Water District, Fontana Water Company and San Antonio Water Company.

Additional IEUA programs include its Solar Cup (sponsoring race-powered boats in a high school competition), School Assembly Program (sponsoring National Theater for Children focusing on water supply issues and water savings tips), and STEM (offering schools with STEM activities).

Chino Basin Water Conservation District

A primary function of Chino Basin WCD, as identified by its mission statement, is educating the community to conserve water as well as assisting the community in retrofitting efforts. The district opened its renovated Water Conservation Center campus in 2014. The Center includes a landscape design room where one can draft a water wise landscape, classroom that holds 50 people, an educational lobby exhibit and a dedicated classroom building and edible garden area for Children's Education. The newly renovated water-wise demonstration features nine demonstration zones with over 300 water wise plant species arranged by type and water needs. The 1.5 acre garden is open to the public for self-guided or staff guided tours and includes educational signage and demonstration exhibits that teach about water-wise landscaping, efficient irrigation and good maintenance practices. The district site also includes a demonstration parking lot that showcases various permeable pavements and Low Impact Development techniques; and a wilderness park that contains examples of 40 tree species that require low water - both are open to the public. At the Center, the district conducts workshops, hosts public events, accepts and actively pursues field trip visits from schools, and showcases various construction and landscape designs that reduce water consumption. In 2012-13 the district taught 24 workshops which had an average attendance of 25.

One of the district's longest running programs, an annual Earth Day field trip event, has reached over 25,000 5th graders with water conservation education since 1992. The district also offers daily teaching field trips, focused on water conservation and with curriculum that is compliant with state education standards. This past school year the program reached over 4,300 local school children, their teachers and many parents. In addition to these on-site programs, the District runs a water conservation poster contest which received 2,600 entries from 133 classes last year and a grant program that, since 1999, has provided up to \$5,000 for college bound students who are studying towards a career in a water related field.

Landscape Audits

The district administers landscape and irrigation audits in partnership with IEUA and the eight member retail member agencies. Additionally, the district conducts landscape design consultations, and has financially assisted public schools and parks within its boundaries to help offset the costs of onsite irrigation system conversion as a result of connecting to the recycled water system, thus reducing the need for potable water. Chino Basin WCD also provides incentives for public sector schools and parks within its service area. The figure below identifies the district's landscape audit program performance from FY 2007-08 through FY 2013-14.

Chino Basin WCD – Landscape Evaluation and Audit Program

Year	Total Site Audits	Total Irrigated Acreage Audited	Total Potential Water Savings (AF/yr)
FY 07-08	24	36	196
FY 08-09	135	289	782
FY 09-10	105	114	303
FY 10-11	78	86	173
FY 11-12	114	64	71
FY 12-13	48	14	49
FY 13-14	83	15	38

Source: IEUA, Annual Water Use Efficiency Programs Report, FY 2013-14

Conservation Contracts with IEUA

Other agencies contract with Chino Basin WCD to provide conservation programs on its behalf. Documents provided by the district identify IEUA as the main agency that contracts with the district to carryout efforts to reduce consumer consumption. Below is a summary of the current contracts between Chino Basin WCD and IEUA.

- Implementation and Completion of Landscape Audits for Customer Sites Currently Identified as Potentially Significant Water Conservation Candidates within the IEUA Service Area.
 - Contract Date: September 2010
 - Latest Amendment Date: August 2014
- Residential Landscape Training Program
 - Contract Date: January 2011
 - Latest Amendment Date: August 2014
- Dedicated Irrigation Landscape Meters Water Budget Program
 - Contract Date: December 2012
 - Latest Amendment Date: August 2014
- Implementation and Completion of Landscape Transformation Services for Customer Service within the IEUA Service Area
 - Contract Date: July 2013
 - Completed July 2014
- Garden in Every School Program Services within the IEUA Service Area
 - Contract Date: September 2013
 - Latest Amendment Date: November 2014

Service Outside of Boundaries

Chino Basin WCD administers landscape and irrigation audits in partnership with IEUA and the eight member retail member agencies, and other agencies contract with the district to provide conservation programs on its behalf.

Pursuant to Government Code Section 56133, LAFCO is charged with the responsibility for reviewing and taking action on any city or district contract to extend service outside of its jurisdiction. Even though the district's parent act, Water Conservation District Law of 1931, does not explain this circumstance, Section 56133 subjects all those agencies under LAFCO purview to this requirement. However, the law provides for exemptions such as for contracts issued prior to January 1, 2001 for contracts or agreements solely involving two or more public agencies where the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.

Should it be necessary to request an exemption on the basis of two government agencies contracting for service, LAFCO staff recommends that the district submit an application to LAFCO requesting an exemption under Government Code 56133(e).

Weather Based Irrigation Controllers

In July 2012 the Bureau of Reclamation contracted with the district to install 300 Weather Based Irrigation Controllers in residential homes within the district's service area and provide two years of data monitoring. The Program currently provides better irrigation management for 300 residential accounts and the reduction of approximately 225 acre-feet per year of water supply year-round. Indirect benefits from reduced water use include reduced energy costs and greenhouse gas emissions from water conveyance, deferred generation of new water sources, and water quality benefits from reduced urban runoff. Additionally, the program assists water agencies within the district's service area comply with the 20x2020 Water Conservation Plan. The contract stipulates that the Bureau and the district equally split the program cost at roughly \$92,000 each. The potential savings per home is 0.1625 acre-feet per year ("AFY") which equates to 49 AFY savings after all 300 controllers are installed.

Qualified Water Efficient Landscaper Certification Program

The Qualified Water Efficient Landscaper (QWEL) Program (developed by the Sonoma Saving Water Partnership and the Environmental Protection Agency) provides landscape professionals with 20 hours of education on principals of proper plant selection for the local climate, irrigation system design and maintenance, and irrigation system programming and operation. QWEL certification is a valuable tool for consumers to be able to select landscape and maintenance professional who understand and have value for water and resource conservation. Seven district staff are QWEL certified and can teach the class to others. The District has received QWEL Board and EPA certification as an adopter of the QWEL program and as an EPA WaterSense Labeled Professional Certification Program provider.

Other Agencies

For the other public agencies in the West Valley, conservation efforts can be categorized in three ways: funded by the agency alone, in partnership with another agency/district or regional programs. Focusing on those funded by the agency alone, all

of the other agencies in some manner provide water conservation materials to its customers and have programs in order to reduce consumer consumption. Below are examples of these efforts as provided by the agencies.

City of Chino

In 2009, the City of Chino amended its Water Conservation Ordinance to respond to the then current water shortage caused by drought conditions prevailing in the state. The Ordinance implements Water Conservation measures to reduce the quantity of water used by persons in the City. The ordinance further defines permanent measures to prevent the waste of water resources and also defines three stages of water shortage contingency where additional measures of potable water use are limited or curtailed. The City administers a code compliance program designed to increase public awareness of municipal codes such as the Water Conservation Ordinance. The City's retail water rates are based on volumetric rates which meets the definition of "Conservation Pricing" as defined by the California Urban Water Conservation Council.³³ Additionally, the City employs a Water Conservation Coordinator.

City of Chino Hills

The City of Chino Hills has adopted an ordinance to minimize the potential for water shortage through the practice of water conservation.

City of Upland

Landscape classes are primarily sponsored by the City. The classes are paid entirely by IEUA as part of its annual regional conservation program. Additionally, the City is retrofitting City facilities (park and median irrigation systems, restroom facilities, and turf removal). Although these are partially funded by rebates, the City has made the largest contribution financially and administered the programs with City staff. Upland recently received a grant from the Bureau of Reclamation for Weather Based Irrigation Controllers in medians which was completed in 2014. The City also tested some unique products including geyser stops, water fountains that refill water bottles and a DVD specifically made for Upland showcasing its unique water resources, conservation methods and the water system. The City employs a water conservation specialist and also has a water conservation ordinance.

Cucamonga Valley Water District

The Cucamonga Valley Water District provides a quarterly newsletter, *The Pipeline*, to customers, conducts landscape workshops, conducts landscape tours, and has conservation information available on its website.

³³ The California Urban Water Conservation Council was created to increase efficient water use statewide through partnerships among urban water agencies, public interest organizations, and private entities. The Council's goal is to integrate urban water conservation Best Management Practices into the planning and management of California's water resources.

The district and the Frontier Project operate demonstration gardens which are open to visit each weekday. The gardens provide information on water wise landscaping and feature over 100 water savvy plants. Additionally, the district provides landscape consultations for the homes of district customers to identify water waste in the home's landscape. Each spring, the district hosts a Water Savvy Garden Tour (previously Landscape Tour) to educate residents about the beauty and benefits of water saving landscapes. Since its inception in 2009, the Water Savvy Garden Tour has educated over 600 residents on how they can make changes in their yards to use water efficiently.

Monte Vista Water District

The Monte Vista Water District has a robust water conservation program and provides regular communications to its customers regarding these programs. The district has also developed a special water conservation communication campaign, "Watch the Water," which seeks to heighten customers' awareness of how and when they use water in their daily lives. Within the past five years, the district has declared water shortages and requested that customers adopt additional conservation measures. The district in 2010 adopted a tiered rate structure.

The district regularly communicates about conservation with its customers using multiple methods and media, including but not limited to the following: its newsletter, *The Waterline*, which is inserted into bimonthly customer bills 2 -3 times per year, bill inserts, information provided on its website, and presentations delivered to community groups, at educational events, and before gardening classes.

Fontana Water Company

The Fontana Water Company provides water conservation materials to its customers, conducts gardening workshops, has a high-efficiency toilet program, has adopted two-tiered water conservation rates per direction of the California Public Utilities Commission, and has adopted a Water Conservation and Rationing Plan.

Other Efforts

Formed in 1989 by various agencies in Los Angeles and San Bernardino County, the Water Education Awareness Committee ("WEWAC") works with school districts to promote water conservation, acquaint children and adult consumers with the critical importance of water, provide them with information on water use efficiency, and sponsor teachers' Project Water Education for Teachers training. WEWAC members co-sponsor educational programs for students at all grade levels. WEWAC's website, www.UseWaterWisely.com, provides user friendly information to the general public. Members in San Bernardino County include: Cities of Chino, Chino Hills, Ontario, and Upland; and the Chino Basin WCD, Cucamonga Valley Water District, Fontana Water District, Golden State Water Company, IEUA, and Monte Vista Water Company.

E. Efforts to Reduce Consumer Consumption – East Valley

iefficient.com

A group of water agencies in east San Bernardino County and north Riverside County surveyed about 400 residents in March 2014 to determine their knowledge of several water related facts as a way of determining the kinds of messaging water agencies need to do to better inform their customers.

The group launched a public relations campaign and a website at www.iefficient.com to heighten public awareness of water facts and the things businesses and residents need to do to conserve water, not just during the current drought, but on an ongoing basis. In San Bernardino County, the members include: the Cities of Colton, Loma Linda, and Redlands; East Valley Water District, Marygold Mutual Water Company, Riverside Highland Water Company, MUNI, SB Valley WCD, Western Heights Mutual Water Company, and Yucaipa Valley Water District.

San Bernardino Valley Municipal Water District

MUNI offers large water users (1,500 ccf per year, or higher) a financial incentive to invest in weather stations and weather based irrigation controllers, and has developed a brochure that offers a variety of water efficient plants that do well in the Southern California climate.

MUNI Contract with IERCD

The performance of environmental education programs to a variety of audiences within the district's service area is a key function of the Inland Empire Resource Conservation District ("IERCD"). The original contract between MUNI and the IERCD for performance of Water Use Efficiency presentations was signed in 2007, making MUNI one of the IERCD's most critical education partners. The Water Use Efficiency programs performed on behalf of MUNI focus on MUNI's core function and central role in provision of water to residents in the Inland Empire as well as importance of and methods for water conservation. In addition to the interactive discussion, students also participate in either the 3D model illustrating local water connectivity and need for conservation, or in planting and taking home a drought-tolerant native California plant.

Water Use Efficiency Program

As a wholesaler, MUNI is not responsible for the demand reductions required by the Water Conservation Act of 2009 – SBX7-7 (10% demand reduction by 2015 and 20% by 2020) but is responsible for helping the retail agencies within its boundary achieve their water use reductions (Water Code §10608.36). MUNI's water use efficiency program is designed to help the retail agencies within its service area achieve their demand reductions through:

- Weather Based Irrigation Controller Program (WBIC) – Muni pays 50% of the installation and maintains the weather stations for free, water savings 20%

- Provides free sprinkler nozzles (25% cost from MUNI, 75% from retail agency), water savings 30%
- Inland Empire Garden Friendly Program – MUNI pays 90%, water savings 70%
- Rebates (efficient toilets, nozzles, washers, etc.) – MUNI pays 25%
- Regional Rebate website – one location for retail customers to find rebate programs. MUNI pays 25% of website cost and all of hosting cost.

San Bernardino Valley Water Conservation District

SB Valley WCD also participates with the IERCD in its Elementary School Education efforts. By partnering with the IERCD the District can convey messages about conservation and its efforts to help while supporting the existing programs. This cost effective program shares staff and facilities, and achieves multiple goals at a low cost.

The District currently budgets very limited funding toward conservation education and outreach efforts. Instead, it focuses on water recharge efforts in cooperation with other agencies.

SB Valley WCD is the local sponsor (with the Basin Technical Advisory Committee, Conservation Subcommittee) to provide QWEL training for landscapers. Instructors are to be drawn from local district conservation staff and IERCD staff. The district cosponsored the cost of the training for participants from the service area. The training was held in cooperation with Chino Basin WCD at their facilities in December 2014. In response to the draft staff report, SB Valley WCD states that it works closely with agricultural and commercial groundwater producers to address conservation opportunities and is an active participant in the regional iEfficient program and helps fund the program.

Other Agencies

City of San Bernardino Municipal Water Department

The City of San Bernardino Municipal Water Department has approved water rates including water conservation charges and tiers as well as water supply shortage measures as a result of natural disasters or other emergency events. In 2010 the City implemented a Replenishment Charge as part of the rate structure to recover the cost of water purchased to replenish the basin in the amount of \$0.09 per billing unit (100 cubic feet of water, or about 750 gallons). Since the Replenishment Charge was established in 2010, the City has purchased and delivered a total of over 65,000 acre-feet in three spreading basins (Devil Canyon, Badger, and Waterman).

Additionally, the City engages in activities to reduce consumer consumption:

- Annual Water Conservation Poster Contest
- Bi-Annual Drought Tolerant Landscaping Class Flyer
- Bill Inserts / Plant Sale Flyers
- Free Household Conservation Kit (contents & installation instructions)

- Water Conservation Rebate Program (toilets, sprinklers, washing machine, drought-tolerant plants)
- Water Conservation / Education Elementary- Middle Schools
- Literature/Handouts for various local public events

City of Redlands

The City of Redlands Water Conservation Plan is codified in its Municipal Code (Section 13.06). The conservation programs of the City include a water efficiency rebate program, water audits, annual poster contest, handouts, webpage, as well as employing a conservation coordinator. At City Hall the planters have been replaced with drought tolerant plants and information on drought-tolerant plants is accessible at this location.

South Mesa Water Company

At this time the South Mesa Water Company does not have recharge facilities, but it is conducting a ground water study within the Yucaipa basin. Through this study it is working with MUNI, USGS, and Geoscience to find the best locations for potential recharge.

West Valley Water District

The West Valley Water District in 2010 adopted its first Water Conservation Program that addressed issues related to the Best Management Practices set forth by the California Urban Water Conservation Council, which substantially addresses the measures the district is taking to meet the requirements of the Water Conservation Act of 2009. Effective January 2013 rates are now tiered pricing to promote conservation.

Efforts to reduce consumer consumption include: a water conservation coordinator position, water conservation poster contest, quarterly newsletter, waterwise demonstration garden, conservation section of website, new customer packet, partnership with MUNI to promote Weather Based Irrigation Control program, workshops and classes, water audit program, Inland Empire Garden Friendly Program, and rebates for efficient fixtures (25% cost share).

Yucaipa Valley Water District

The Yucaipa Valley Water District disseminates materials via workshops, facility tours, school programs, website, and community events, as well as employing a water resource manager. The district actively participates as a partner in California Urban Water Conservation Council, which requires the district to comply with the Best Management Practices for water conservation.

Inland Empire Resource Conservation District

According to the Inland Empire Resource Conservation District, it provides the following services for water conservation education/outreach:

- Installation of small demonstration gardens on campuses of community centers and schools; since 2012 the district has installed 11 of these which involve approximately 40 plants, mulch, rock, and accompanying education programming.
- Performance of water conservation-focused educational programming in K-12 campuses throughout the district. The district performed 176 of these programs last year, most of which were funded by its water provider partners in individual service areas including:
 - San Bernardino Valley Municipal Water District
 - San Bernardino Valley Water Conservation District
 - The City of San Bernardino Municipal Water Department
 - Yucaipa Valley Water District
 - West Valley Water District

F. Conclusion for Determination III.

Integration of flood and stormwater management strategies with recharge and conjunctive use opportunities contributes to water supply reliability in the region. The San Bernardino Valley region has been significantly urbanized over the past several decades and the area continues to grow with numerous in-fill development projects. As the amount of impervious surface increases with urbanization, the runoff, and, therefore, storm and flood flows are also increasing. Without adequate flood control systems to capture and contain these surface waters for recharge, the opportunities for water supply, water quality, and environmental improvement are greatly lessened or lost. Therefore, formulating strategies to further capture storm runoff and use it for recharge of the groundwater basins will provide both flood management and water supply benefits to the region.

As identified by the Department of Water Resources, the Chino, Bunker Hill, and Riverside-Arlington basins have been designated as High Priority basins and the other basins as Medium Priority basins for future monitoring. Within the Chino Basin, storm water recharge has declined significantly since FY 2010-11 (due to the drought), being less than the storm water recharge average during the previous 10 years. Recycled water was first considered a recharge source to reduce reliance on imported water from the Metropolitan Water District of Southern California. However, due to the current drought and restrictions placed upon the State Water Project, recycled water has now become a necessity for the basin. In the San Bernardino Basin Area, groundwater storage is now at the lowest level in recorded history, easily surpassing the previous low point in 1964, which took place at the end of a 20-year drought. In turn, multiple recharge and recovery projects are moving forward to be able to capture and use as much of the local supply as possible in order to lessen reliance on the State Water Project.

In response to efforts to reduce consumer consumption, the two water conservation districts in the Valley are neither 1) responsible for the demand reductions required by the Water Conservation Act of 2009 (10% demand reduction by 2015 and 20% by

2020), nor 2) responsible for helping the retail agencies within their respective boundary achieve their water use reductions as the water conservations districts are not “urban wholesale water providers”. The Inland Empire Garden Friendly program was developed by the four major water suppliers of western Riverside and San Bernardino counties with cooperation from a university institute, conservation district and local botanic garden. The Inland Empire Garden Friendly program was created to assist consumers in locating and learning about climate-appropriate plants for the Inland Empire.

Specific to the West Valley portion of the region, the Chino Basin WCD has long provided water conservation sustainability services to its constituents through demonstration and education and it provides this service well. To further its demonstration and education service, it opened its Water Conservation Center campus in 2014. However, the service of Chino Basin WCD is limited to within its boundary which encompasses only a portion of the Chino Basin. Chino Basin WCD has received QWEL (Qualified Water Efficient Landscaper Board) and EPA certification as an adopter of the QWEL program and as an EPA WaterSense Labeled Professional Certification Program provider. QWEL certification is a valuable tool for consumers to be able to select landscape and maintenance professional who understand and have value for water and resource conservation. Seven district staff are QWEL certified and can teach the class to others.

For the East Valley portion of the region, the SB Valley WCD currently budgets very limited funding toward conservation education and outreach efforts. Instead, it focuses on water recharge efforts in cooperation with other agencies such as providing school and other outreach through Inland Empire Resource Conservation District. Additionally, SB Valley WCD actively supports and helps fund the iEfficient initiative, leads a Basin Technical Advisory Committee subcommittee for landscape education for implementing the qualified water efficient landscaper program (QWEL), and has a certified trainer on staff.

Determination IV.

Financial ability of agencies to provide services

This determination outlines the accounting practices of the agencies, reviews debt and obligations, net assets, and fund balance in order to determine the financial ability to provide services. LAFCO staff obtained copies of the agencies' financial documents from the agencies and public sources: San Bernardino County Assessor, San Bernardino County Auditor, California Public Employees Retirement System, and the California State Controller's report for cities and special districts.

This Determination reviews two water conservation districts and the governmental activities of the two municipal water districts, and is organized as follows:

- A. Property Tax
- B. Fiscal Indicators to include Service Obligation, Liquidity, Debt Service (Governmental), Pension Payments, and Other Post-Employment Benefits Payments
- C. Additional Information on Governmental Activities
- D. Appropriations Limits
- E. Posting of Annual Compensation
- F. Conclusion for Determination IV

A. Property Tax

The two municipal water districts receive a healthy share of the one percent general levy. Property tax revenue is the primary revenue source for the Chino Basin WCD, and the SB Valley WCD receives a small amount of property tax revenue for its general operations, comprising two to four percent of revenue.

Property Tax Rates

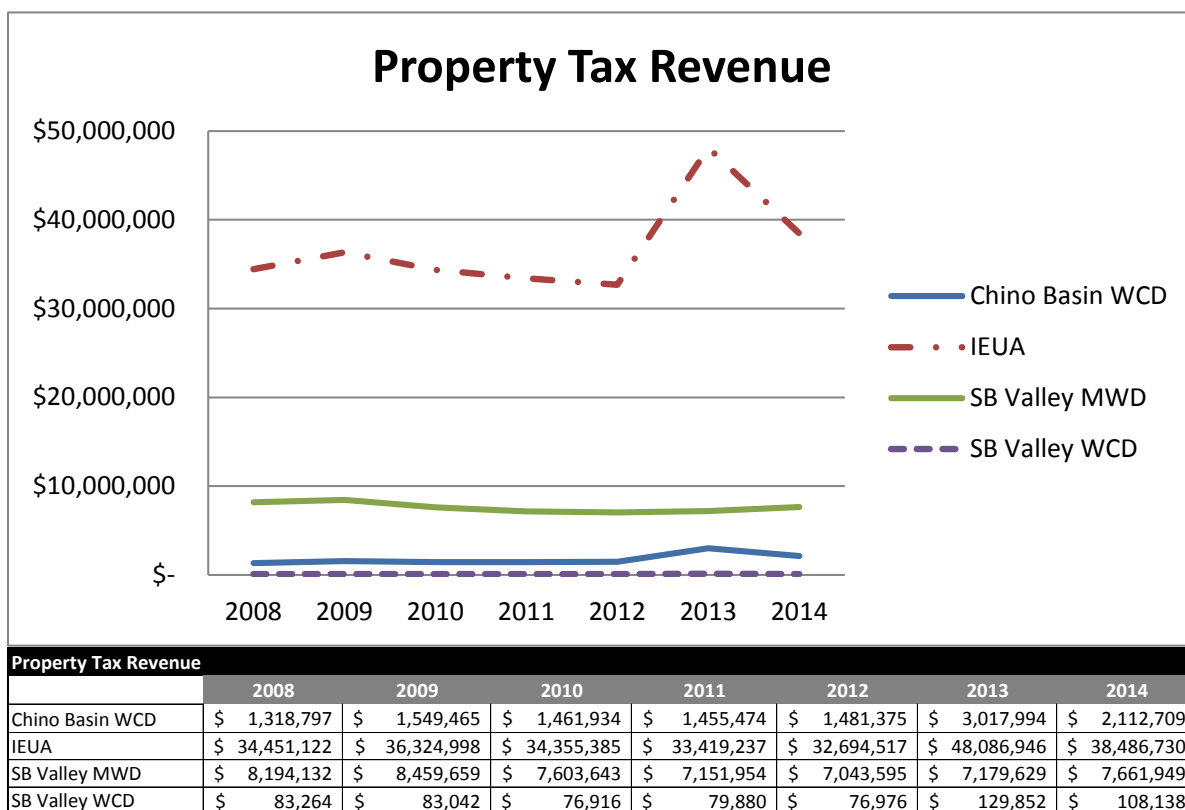
The table below is a breakdown of the share that each agency receives within its boundaries. As shown, for water conservation districts property taxes are collected on the assessed value of land only, not to include improvement value. SB Valley WCD receives just 0.03% of every property tax dollar collected which does not result in significant revenue. Conversely, as discussed in the property tax section below, the tax receipts for the Chino Basin WCD result in significant revenue for its water conservation education operations. As for IEUA, most areas of the agency contribute two shares of the general levy tax: 1) the first is identified as Improvement District C which comprises all but seven tax rate areas of the agency, and 2) a second share from its original boundary and its subsequent annexations.³⁴

³⁴ Seven tax rate areas for IEUA do not contribute to Improvement District C.

Agency Property Tax (as identified by County Assessor)	Avg. Agency Share of 1% General Levy	No. of Tax Rate Areas in 2013-14	No. of Tax Rate Areas with Allocation
Chino Basin WCD, land only	0.30%	301	244
IEUA, Imp. Dist. C (most of district)	2.90%	673	564
IEUA, Original (original boundary)	1.60%	310	273
IEUA, Bryant (annexation)	1.70%	3	2
IEUA, Mid Valley (annexation)	1.50%	365	292
IEUA, 1969 Annex/Imp. Dist. 1	3.80%	22	2
SB Valley MWD	2.80%	752	555
SB Valley WCD, land only	0.03%	237	181

Property Tax Revenue

As this revenue source is relatively stable and lags about two years behind changes in market conditions, this indicator can potentially depict the level of stability of an agency's revenue base. However, this is particularly problematic when the overall tax base is capped at a maximum two percent growth under Proposition 13 (not to include property sales) and while districts experienced decreasing property values. Increases in costs for labor and benefits, training, replacement of equipment and facilities all have grown at a rate greater than two percent.



In 2012-13 the agencies received a large property tax distribution due to one-time payment for the agency's share of the unobligated funds returned by the Redevelopment Successor Agencies for re-distribution to eligible taxing agencies. The

“one-time” receipts are the result of the dissolution of redevelopment agencies which took effect on February 1, 2012. Those agencies in the Chino Basin benefited more than those in the San Bernardino Valley due to the number of redevelopment agencies.

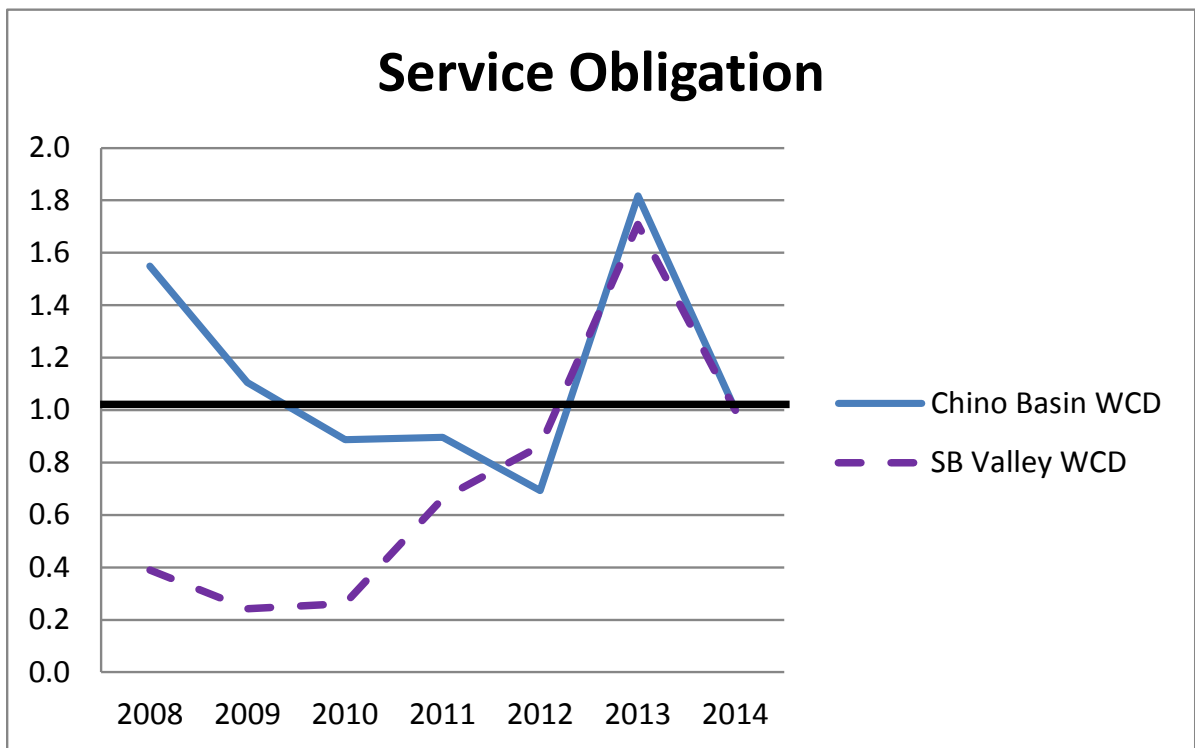
For IEUA, a majority of the increase in non-operating revenues was due to the Successor Agency Pass-through Payment increase of \$9.3 million over the prior year.

B. Fiscal Indicators – Governmental Activities

The accumulation of consistently presented financial information allows a reader to understand an agency's financial position and determine whether there is improvement or deterioration. The following indicators are for the governmental activities of the districts (water conservation/recharge); this does not include the business-type activities of IEUA or MUNI. As of March 3, 2015, the FY 2013-14 audit has not been completed for one district, therefore the fiscal indicator analysis is through 2012-13.

Service Obligation

Service Obligation measures whether or not a government's annual revenues were sufficient to pay for annual operations. In most cases, as the percentage of general revenues decreases, an agency loses its ability to respond to changing conditions and to citizens' needs and demands. It is calculated by dividing operating expenditures by operating revenues. A ratio of one or higher indicates that a government lived within its annual revenues.



Service Obligation							
	2008	2009	2010	2011	2012	2013	2014
Chino Basin WCD	1.5	1.1	0.9	0.9	0.7	1.8	1.0
SB Valley WCD	0.4	0.2	0.3	0.7	0.9	1.7	1.0

SB Valley WCD's healthy increase in this indicator can be attributed to both an increase in operating revenues and a decrease in operating expenditures.

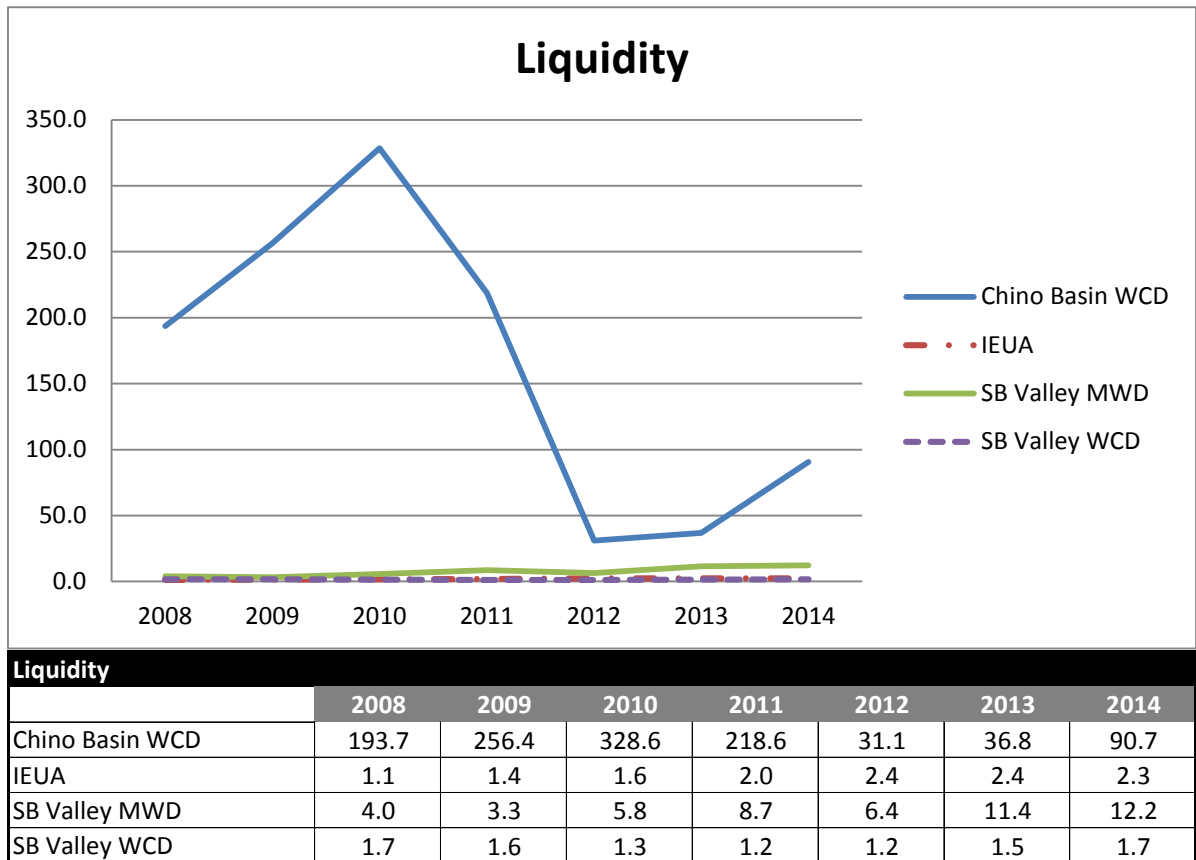
The following explains the decline identified above for Chino Basin WCD:

- 2009 – Property tax revenues increased and interest earnings decreased causing an overall decrease in revenue; expenses increased due to increased personnel and beginning first phase of the District's capital improvement plan to construct new office headquarters and educational facility.
- 2010 – Property tax revenues and interest earnings decreased; expenses for programs and continuing capital improvements were offset by a decrease in grounds maintenance expenses due to on-going construction.
- 2011 – Property tax revenues and interest earnings decreased; expenses for increased personnel, programs, and basin maintenance expenses, in addition to continuing phases of the District's capital improvement plan were offset by a decrease in public education activities at the District due to construction at District facilities.
- 2012 – Property tax revenues increased slightly from the prior year. Decrease in interest earnings is due to lower interest rates and lower cash balances related to the self-funding of the District's capital improvement plan which came from the sale of unutilized district property. Increase in operating expenditures was primarily due to an approximately \$650,000 increase in depreciation expense related to the disposal of District's old administration building as part of the final phase of the District's capital improvement plan.

As discussed further below, the SB Valley WCD increased its groundwater assessment in 2011 and 2012, which increased operating revenues.

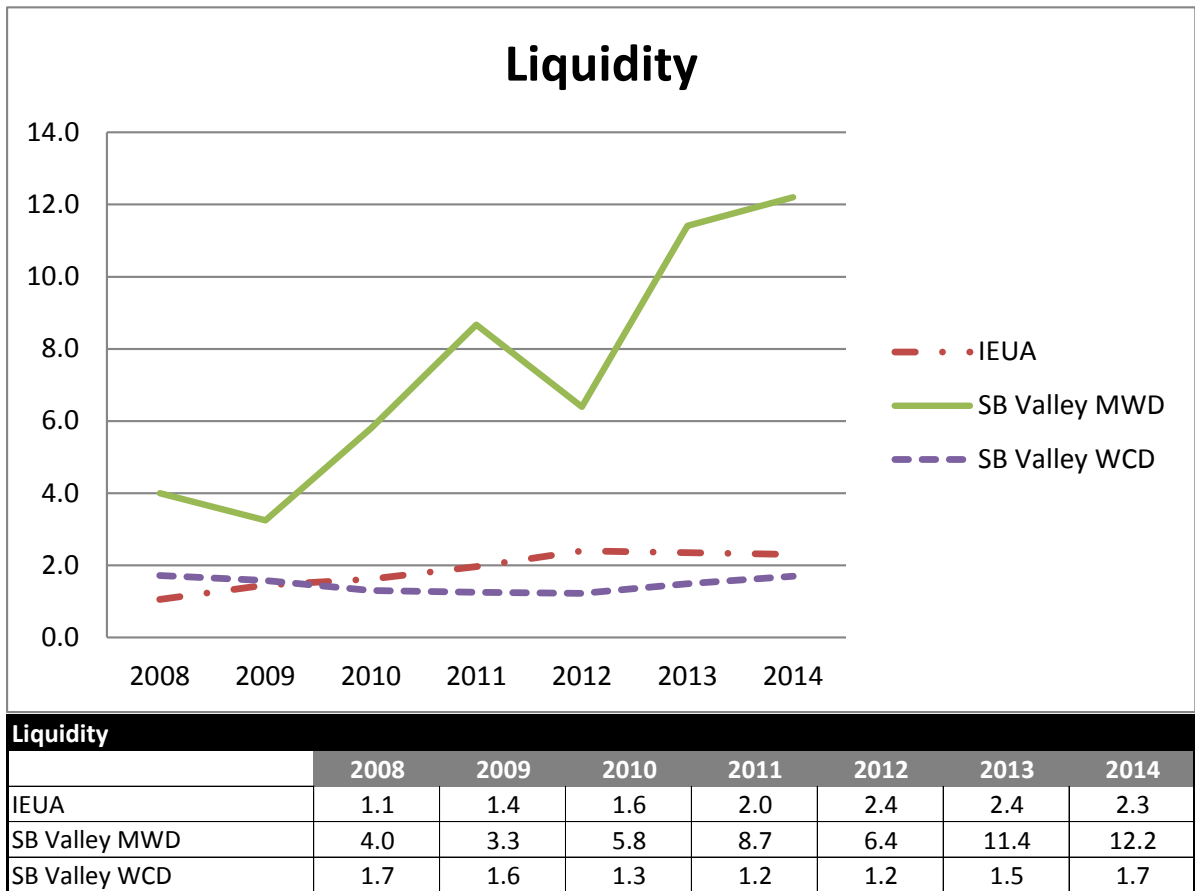
Liquidity

Liquidity measures a government's ability to meet its short-term obligations. In other words, if a short-term obligation became due would the agency be able to satisfy that obligation with cash. It is calculated by dividing current liabilities by cash and investments. The higher the ratio suggests a government is better able to meet its short-term obligations. For agencies not meeting its service obligations (see previous indicator), the literature suggests a ratio of ten or above.



Chino Basin WCD in this indicator displays an outlier in relation to the other agencies. Chino Basin WCD currently maintains a significant cash reserve due to the prior sale of some of the district's land holdings. A significant portion of reserves are designated for on-going programs, and potential acquisition and development of water recharge basins in accordance with the District's Master Plan. The yearly decrease in cash reserves is due to on-going Capital Improvement Projects in accordance with the District's Master Plan. Increase in current liabilities in fiscal year 2012 is related to ongoing capital improvement projects.

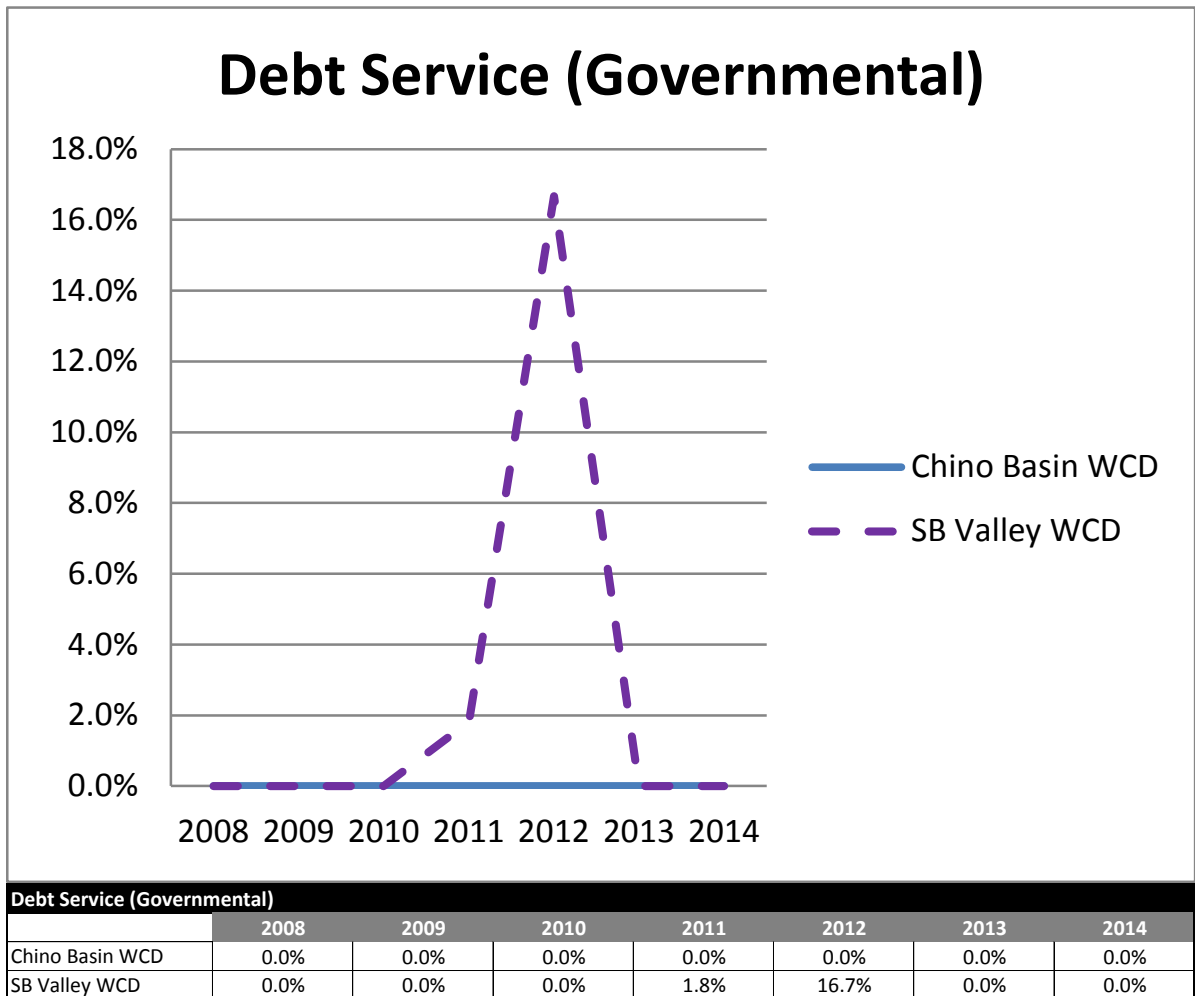
In order to illustrate this indicator for the other agencies, the graphical display below does not include the Chino Basin WCD.



The SB Valley WCD holds a prepaid royalty on aggregate materials under lease which must be repaid if not mined on District lands, this is shown as a current liability whether or not it is displayed that way based on audit standards.

Debt Service

Debt Service looks at service flexibility by determining the amount of total expenditures committed to annual debt service. It is calculated by dividing operating expenses by debt service. Service flexibility decreases as more resources are committed to annual debt service.



Chino Basin WCD does not have any long-term debt.

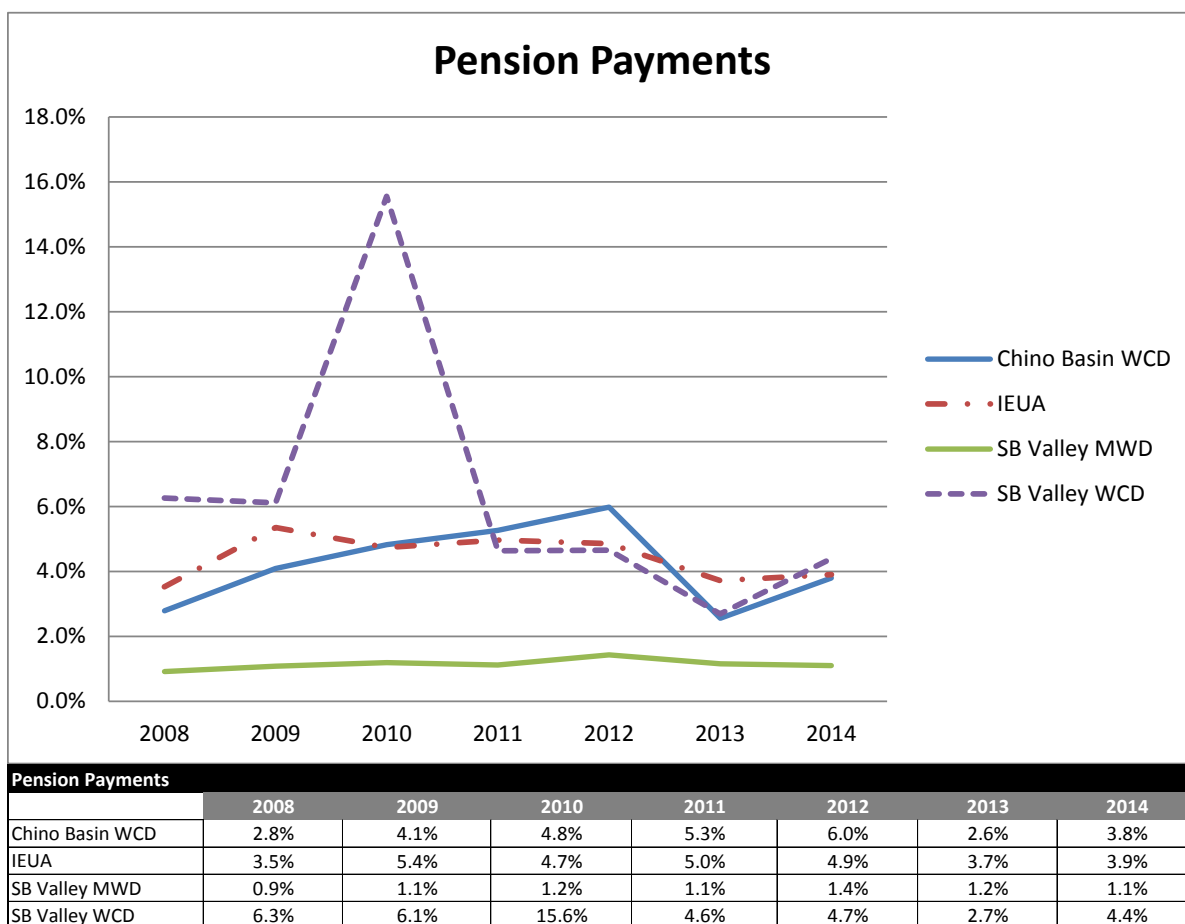
SB Valley WCD has limited debt and does not include debt service in rates. Most capital projects are done in cooperation with partners such as MUNI and Western Municipal Water District. Debt shown is recognized CalPERS debt, the side note was repaid in 2012.

Not shown in the chart above, is IEUA debt for the Ground Water Basin Enhancement Project funded by the 2008B Variable Rate Bonds (refinancing the 2002A Bonds in May 2008). Debt principal and interest payments are equally reimbursed by the Chino Basin Watermaster and the IEUA. IEUA's portion is supported by a fund transfer from the Regional Wastewater Capital Improvement Fund. At June 30, 2014, the 2008B bond had \$45,850,000 in principal outstanding. The bonds mature through 2032 with annual installments ranging from \$1.66 million to \$3.48 million.

Pension Payments

Each agency is a member of the California Public Employees Retirement System (CalPERS).³⁵ CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance.

The Pension Payments indicator below depicts the relationship between the pension payments as a percentage of an agency's revenues. It is calculated by dividing annual pension cost by total revenue (operating and non-operating revenue). For all the agencies, pension costs as a percentage of total revenues generally increased through 2012 with a decrease in 2013. This decrease was due to the one-time receipt of pass-through property tax revenues.



³⁵ CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

The annual pension cost for these districts is shown in the chart below. In 2010, SB Valley WCD reduced staffing, which in turn reduced its pension costs the following year.

Annual Pension Cost

Agency	2009	2010	2011	2012	2013	2014
Chino Basin WCD	\$ 83,518	\$ 78,382	\$ 82,844	\$ 92,985	\$ 78,305	\$ 82,065
IEUA	5,083,038	4,747,436	4,730,153	4,976,080	4,875,602	4,769,984
MUNI	824,594	804,058	793,239	999,768	973,159	982,982
SB Valley WCD	125,441	149,714	50,376	63,658	67,671	96,258

source: District audits

The employer contribution rate that each agency pays to CalPERS is shown in the chart below. Beginning with FY 2015-16 CalPERS will collect employer contributions toward each agency's unfunded liability and side fund as dollar amounts instead of the prior method of a contribution rate. This will allow for better tracking of the unfunded liability by employers as well as allowing them to pay it down faster if they choose. As for IEUA, the additional contribution payments do not apply to that agency; additional contribution payments only apply to smaller agencies (in terms of employee count) in risk pools. Therefore, additional contribution payments do not apply to IEUA. Rather, the 2016 total employer contribution rate for IEUA includes the employer normal cost (8.269%) and the unfunded rate (9.749%), or 18.018% as shown below.

The high rate for MUNI is a combination of the normal cost to participate in the plan, the side fund to account for adopted benefit amendments, and its share of the plan's unfunded liability.

Employer Contribution Rates and Unfunded Liability Payments

Agency	2011	2012	2013	2014	2015	2016
Chino Basin WCD	7.209%	8.197%	8.311%	8.486%	8.435%	7.163%
IEUA	11.727%	14.753%	15.332%	16.105%	16.641%	18.018%
MUNI	29.145%	31.777%	33.421%	33.029%	34.392%	13.995%
SB Valley WCD	14.126%	16.435%	16.957%	14.660%	15.701%	9.671%

source: CalPERS, October 2014

Looking forward, the chart below identifies the projected employer contribution rates and unfunded liability payments through 2021. As shown, the Normal Cost remains static for Chino Basin WCD, MUNI, and SB Valley WCD with increasing unfunded liability payments for the two water conservation districts. As of now, the CalPERS projections identify a marked decrease for MUNI's unfunded liability payments. IEUA is in its own pool since it is a large employer, and its unfunded liability payment is a component of the overall rate.

Projected Employer Contribution Rates and Unfunded Liability Payments

Agency	2017		2018		2019		2020		2021	
Chino Basin WCD	7.6%	\$11,217	7.6%	\$14,124	7.6%	\$17,194	7.6%	\$20,437	7.6%	\$20,764
IEUA	18.8%	\$ 0	19.2%	\$ 0	19.7%	\$ 0	20.1%	\$ 0	20.1%	\$ 0
MUNI	15.0%	\$647,780	15.0%	\$700,861	15.0%	\$225,178	15.0%	\$380,930	15.0%	\$396,636
SB Valley WCD	10.1%	\$40,192	10.1%	\$46,058	10.1%	\$52,241	10.1%	\$58,751	10.1%	\$60,070

source: CalPERS, October 2014

The information below shows the actuarial accrued liability, market value of assets, unfunded liability, and funded ratios. The funded status is a measure of how well funded a plan or risk pool is with respect to assets vs. accrued liabilities. A ratio greater than 100% means the plan or risk pool has more assets than liabilities and a ratio less than 100% means liabilities are greater than assets. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan.

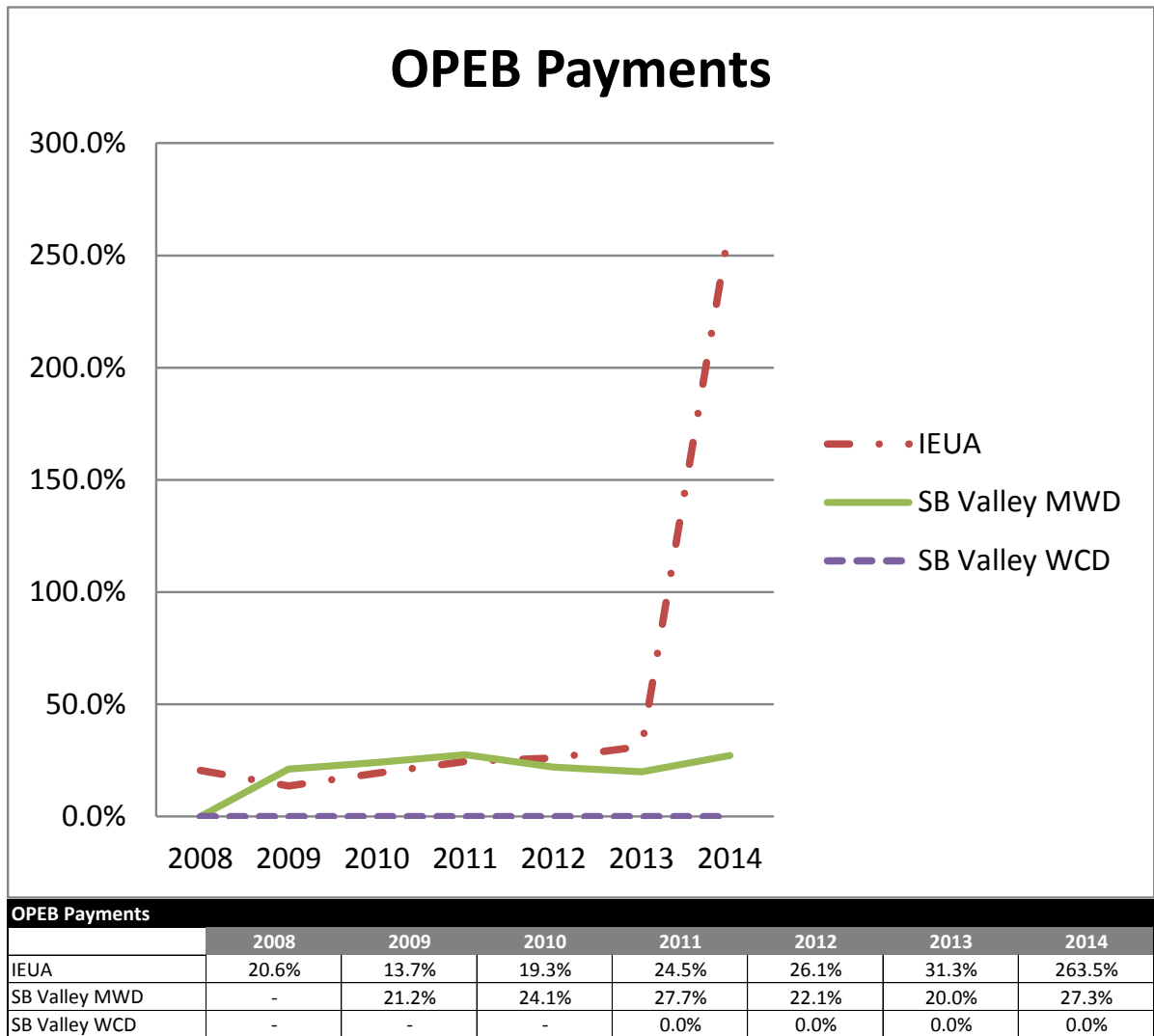
Agency Plans' Funded Status as of June 30, 2013

Agency	Accrued Liability	Plan's Market Value of Assets	Plan's Unfunded Liability	Funded Ratio
Chino Basin WCD	\$1,503,454	\$1,267,647	\$235,807	84.3%
IEUA	138,490,379	99,338,537	39,151,842	71.7%
MUNI	21,556,078	15,820,011	5,736,067	73.4%
SB Valley WCD	2,953,003	2,249,969	703,034	76.2%

source: CalPERS, October 2014

OPEB Payments

The Other-Post Employment Benefits (OPEB) Payments indicator below monitors whether an agency is able to pay or is paying the amount required to fund the OPEB system as determined by its actuary. It is calculated by dividing OPEB payments by OPEB annual cost. IEUA, MUNI, and SB Valley WCD provide OPEB to its retired employees, although at varying benefits and costs. For example, for employees hired before April 19, 2011, MUNI pays the cost of the monthly medical and dental insurance premiums for retired employees and their dependents who have reached at least age 50 with a minimum of 10 years of service. For employees hired after April 19~ 2011 who have reached the age of 60 with a minimum of 15 years of service, MUNI will pay the cost of monthly medical and dental insurance premiums for retired employees and their dependents, until the retired employee reaches the age of Medicare eligibility.



What the agencies do have in common is not contributing the full amount of the annual OPEB cost. For IEUA, as of July 1, 2013, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$17,476,486 and the actuarial value of assets was nil, resulting in unfunded actuarial accrued liabilities (UAAL) of \$17,476,486. As of June 30, 2013, no decision has been made to fund the actuarially calculated OPEB liability. For the past three years, the percentage of OPEB contributed has been 24%, 26%, and 31%. The IEUA 2014-15 Budget identifies a prefunding payment of \$3.5 million for the IEUA OPEB liability from designated reserves in the Administrative Services fund. On May 21, 2014, the IEUA Board approved the establishment of a trust account with the California Employee Retirement Benefit Trust (CERBT). To date, a total of \$6.8 million has been paid into the trust account which eliminated the accrued liability reported in the Agency's financial report for fiscal year ending 2013-14.

MUNI intends to pre-fund its OPEB with CalPERS through the California Employers' Retiree Benefits Trust (CERBT) Fund. The CERBT is a trust fund that allows public

employers to prefund the future cost of their retiree health insurance benefits and OPEB obligations for their covered employees or retirees. The district has not adopted a funding policy for its OPEB obligation. For the past three years, the percentage of OPEB contributed has been 28%, 22%, and 20%.

SB Valley WCD first completed an OPEB actuarial study in 2011. The study indicated an annual contribution for OPEB at \$962 per year with an accrued liability of \$3,118. The district contributed \$3,118 in 2011 and has contributed at least \$962 per year for the following two years (2012 and 2013). In 2014, the district, as required, updated the actuarial study which concluded that based on experience, the annual OPEB contribution should be \$8,883. The unfunded liability was estimated at \$29,305. Based on Board direction the unfunded liability difference was funded in 2014. The district budgets \$8,883 annually to fund the OPEB Reserve. The district intends to convert the OPEB Reserve to a Trust in the coming fiscal year.

C. Additional Information on Governmental Activities

The information below provides additional information on the financial workings of the agencies reviewed. In depth review focusing on the water conservation activities of the two municipal water districts cannot be extracted from its financial documents and the State Controller Reports for Special Districts. For this report, in depth reviews occur for the water conservation districts. The subsequent service review for wholesale and retail water will include in depth reviews for the municipal water districts.

Chino Basin WCD

Net Position

The accumulation of consistently presented financial information allows a reader to understand an agency's financial position and determine whether there is improvement or deterioration. One such measure of improvement or decline is the change in net position. Net position has increased by 2% since FY 2008-09 as shown on the chart below. During this time Total Assets have increased by 3% and Total Liabilities have increased by 86% (with construction of the district's new headquarters and demonstration garden in 2012-13). From the Net Assets perspective, the financial health of the Governmental Funds overall has increased during the past five years. As of June 30, 2014, the district had \$23.6 million in net assets. Of this amount, most is cash followed by investment in capital assets, net of related debt.

NET POSITION							
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	5-yr Var.
Assets:							
Cash & cash equivalents	19,934,788	19,626,327	17,566,715	16,963,911	13,508,040	13,100,943	-34%
Other	142,340	229,559	261,887	220,858	72,516	80,611	-43%
Capital assets (net)	3,048,296	3,117,994	5,077,611	5,535,259	10,383,193	10,544,644	246%
Total Assets	\$ 23,125,424	\$ 22,973,880	\$ 22,906,213	\$ 22,720,028	\$ 23,963,749	\$ 23,726,198	3%
Liabilities:							
Current liabilities	77,735	59,727	80,351	545,641	366,853	144,455	86%
Long-term liabilities	-	-	-	-	-	-	-
Total Liabilities	\$ 77,735	\$ 59,727	\$ 80,351	\$ 545,641	\$ 366,853	\$ 144,455	86%
Change in Net Position	\$ 95,776	\$ (133,536)	\$ (88,291)	\$ (651,475)	\$ 1,422,509	\$ (15,153)	
Total Net Position	\$ 23,047,689	\$ 22,914,153	\$ 22,825,862	\$ 22,174,387	\$ 23,596,896	\$ 23,581,743	2%
Net Assets:							
Invested in capital assets, net of related debt	3,048,296	3,117,994	5,077,611	5,535,259	10,383,193	10,544,644	246%
Restricted	-	-	-	-	-	-	-
Unrestricted	19,999,393	19,796,159	17,748,251	16,639,128	13,213,703	13,037,099	-35%
Total Net Position	\$ 23,047,689	\$ 22,914,153	\$ 22,825,862	\$ 22,174,387	\$ 23,596,896	\$ 23,581,743	2%
Increase from prior year	1.0%	-0.6%	-0.4%	-2.9%	6.4%	-0.1%	
source: Statement of Net Assets/Position							

Expanding upon the Unrestricted Net Position line item from the figure above, the district has designated or set aside significant amounts cash for the following categories: major structural failures, water conservation projects, recycled water conservation, and operating revenue.

UNRESTRICTED NET POSITION							
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	
Non-spendable net assets:	15,480	15,263	66,253	13,066	13,184	31,771	105%
Spendable net assets designated:							
Major structural failures	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	0%
Water conservation projects	11,778,000	11,778,000	9,942,640	10,196,033	6,933,749	6,665,558	-43%
Recycled water conservation	3,993,975	3,993,975	3,869,029	3,830,029	3,666,770	3,739,770	-6%
Operating Reserve	2,711,938	2,508,921	2,370,319	1,100,000	1,100,000	1,100,000	-59%
Total Unrestricted Net Position	\$ 19,999,393	\$ 19,796,159	\$ 17,748,241	\$ 16,639,128	\$ 13,213,703	\$ 13,037,099	-35%
source: Notes to the Basic Financial Statements							

Fund Balance

Considering net position alone does not indicate if an agency has enough fund balance to operate short and long-term operations. Governmental funds focus on the availability of resources on a short-term basis, showing inflows and outflows and resulting in an ending balance of spendable resources. A trend of operating surpluses or deficits is a key indicator of the financial health of an agency. The chart below shows fund balances for the governmental activities for the past five audited years. The fund balance has decreased by 35% since FY 2008-09 (with construction of the district's new

headquarters and demonstration garden in 2012-13) with Total Revenues increasing by 7% (with a one-time receipt of former redevelopment property taxes in 2012-13) and Total Expenditures increasing by 28%.

Unassigned Fund Balance

The 2013-14 audit identifies Total Fund Balance of \$13.1 million, which represents 544% of Total Expenditures as shown in the second figure below. For an agency with no retail service infrastructure such as water lines, the industry guidelines recommend a minimum 10% reserve based on the annual expenditures. This fund balance amount includes the \$1.1 million assigned as a one-year operating reserve and \$6.0 million for “recharge improvements”. The program offers financial assistance to convert publicly owned parks and schools within the District boundaries from using potable (drinking) water to recycled water to irrigate their outdoor landscaping.

It is important to note that a significant portion of district reserves are designated for on-going programs (see Unrestricted Net Assets above), and potential acquisition and development of water recharge basins in accordance with the District’s Master Plan. Nonetheless, the district has high liquidity, no long-term debt, and meets its service obligations (after capital projects).

FUND BALANCE								
		2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	5-yr Var.
Non-spendable:		\$ 15,480	\$ 15,263	\$ 66,253	\$ 13,066	\$ 13,184	\$ 31,771	
Committed:								
	Recycled water programs				146,259	73,000	3,739,770	
	Capital Projects			200,531	5,309,968	722,938		
Assigned:								
	Compensated absences		24,998	29,280	29,883	-	37,557	
	Recycled water programs				3,683,770	3,666,770	-	
	Operating reserve - 1 year				1,100,000	1,100,000	1,100,000	
	LEAP - 2 year reserve				268,954	300,000	300,000	
	Structural failures				1,500,000	1,500,000	1,500,000	
	Carry forward						126,358	
	Capital Projects			12,638,220	4,497,393	2,591,858	6,000,000	
Unassigned:		20,011,501	19,672,747	4,732,124	6,432	3,276,043	239,200	
Total Fund Balances		\$ 20,026,981	\$ 19,713,008	\$ 17,666,408	\$ 16,555,725	\$ 13,243,793	\$ 13,074,656	-35%
Revenues:								
	Charges: landscape audits	-	7,200	18,750	18,950	20,888	27,728	
	Charges: edu. workshops		-	-	11,600	8,340	1,000	
	Charges: rent of basin space	5,607	3,692	-	-	-	-	
	Grants & contributions	41,729	63,349	75,878	5,933	16,042	19,188	-54%
	Property taxes	1,549,465	1,353,785	1,455,474	1,481,375	3,131,280	2,112,709	36%
	Investment earnings	486,553	160,178	107,067	61,636	33,011	56,330	-88%
	Other		783	7,157	10,387	11,399	15,340	
	Total Revenues	\$ 2,083,354	\$ 1,588,987	\$ 1,664,326	\$ 1,589,881	\$ 3,220,960	\$ 2,232,295	7%
Expenditures:								
	Salaries & benefits	860,645	805,103	897,080	919,379	882,098	933,684	8%
	Basin & garden maint.	260,807	88,912	264,350	79,908	112,070	604,513	132%
	Public education	114,773	300,800	152,646	109,023	153,963	89,019	-22%
	Materials & services	521,106	560,179	352,274	400,505	452,159	357,725	-31%
	Total Exp. (no cap. outlay)	1,757,331	1,754,994	1,666,350	1,508,815	1,600,290	1,984,941	13%
Capital outlay		120,150	147,966	2,044,577	1,191,749	4,932,602	416,491	247%
	Total Expenditures	\$ 1,877,481	\$ 1,902,960	\$ 3,710,927	\$ 2,700,564	\$ 6,532,892	\$ 2,401,432	28%
Revenues less Expenditures:		\$ 205,873	\$ (313,973)	\$ (2,046,601)	\$ (1,110,683)	\$ (3,311,932)	\$ (169,137)	
Fund Balances, Ending		\$ 20,026,981	\$ 19,713,008	\$ 17,666,407	\$ 16,555,725	\$ 13,243,793	\$ 13,074,656	-35%
Increase from prior year		1.0%	-1.6%	-10.4%	-6.3%	-20.0%	-1.3%	
sources: Statement of Revenues, Expenditures, and Changes in Fund Balance; Notes								

As shown in the chart above, there are no assigned funds for Compensated Absences in FY 2012-13. According to the district, the compensated absences liability remains and the assigned funds to cover the liability was unintentionally misclassified as unassigned. The district notified its auditor of the erroneous error, which was corrected for the 2013-14 audit to show a balance of \$35,557 as of June 30, 2014.

Expanding upon the Fund Balance discussion from above, as a measure of a district's general fund liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At the end of FY 2013-14, unassigned fund balance of the general fund was \$239,200 while total fund balance reached \$13,074,656. Unassigned fund balance represents 10 percent of total general fund expenditures (previous year 50%), while total fund balance represents 544 percent of

that same amount (previous year 203%). Therefore, a total fund balance of this magnitude seems disproportionate to the services the district provides.

GENERAL FUND LIQUIDITY	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Total GF expenditures	\$ 1,877,481	\$ 1,902,960	\$ 3,710,927	\$ 2,700,564	\$ 6,532,892	\$ 2,401,432
Unassigned GF fund balance	20,011,501	19,672,747	4,732,124	6,432	3,276,043	239,200
(as a % of total expenditures)	1066%	1034%	128%	0%	50%	10%
Total fund GF balance	20,026,981	19,713,008	17,666,407	16,555,725	13,243,793	13,074,656
(as a % of total expenditures)	1067%	1036%	476%	613%	203%	544%
sources: Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance						

Director Expenses

The figure below identifies Director Expenses as provided by the district. A review of the district's agendas identifies that the district board met 14 times in calendar year 2014 with an additional combined 53 director meetings/events at a per diem rate of \$150 per meeting. Additionally, board members receive medical insurance totaling \$16,135 in FY 13-14.

Chino Basin WCD - Seven Board of Directors Expenses and Reimburesements					
Fiscal Year	Per Diem Compensation	Mileage Reimbursement	Parking Fees, Tolls	Medical Insurance	TOTAL
2010-11	\$ 19,050	\$ 1,115	\$ 8	\$ 12,203	\$ 32,376
2011-12	22,950	2,029	63	16,805	41,847
2012-13	17,400	966	12	17,631	36,009
2013-14	22,650	1,150	65	16,135	40,000

SB Valley WCD

The financial operations of the SB Valley WCD are unique and complex and require the following discussion. The most recent audit for SB Valley WCD is for FY 2013-14.

Net Position

The accumulation of consistently presented financial information allows a reader to understand an agency's financial position and determine whether there is improvement or deterioration. One such measure of improvement or decline is the change in net position. Net position has increased by 11% since FY 2008-09 as shown on the chart below, with most gains realized during the past two audit years. During this time Total Assets have increased by 4% and Total Liabilities have decreased by 2%. From the Net Assets perspective, the financial health of the district overall has increased during the past five years. As of June 30, 2014, the district's net position was \$5.0 million. Of this amount, most is unrestricted. In response to the draft staff report, the district states that

while the district's assets are mostly unrestricted from an accounting perspective they are subject to the District's Reserve Policy.

NET POSITION							
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	5-yr Var.
Assets:							
Cash & investments	8,091,273	6,613,884	6,360,057	6,194,467	7,511,352	8,392,451	4%
Other	285,707	250,297	377,261	493,664	631,679	502,139	76%
Capital assets (net)	1,396,720	1,481,052	1,460,704	1,373,408	1,283,635	1,278,721	-8%
Total Assets	\$ 9,773,700	\$ 8,345,233	\$ 8,198,022	\$ 8,061,539	\$ 9,426,666	\$ 10,173,311	4%
Liabilities:							
Current liabilities	154,886	75,361	112,620	51,840	52,289	85,995	-44%
Long-term liabilities	5,078,072	5,061,495	5,202,772	5,050,810	5,062,433	5,043,583	
Total Liabilities	\$ 5,232,958	\$ 5,136,856	\$ 5,315,392	\$ 5,102,650	\$ 5,114,722	\$ 5,129,578	-2%
Change in Net Position	\$ (832,656)	\$ (1,332,365)	\$ (325,747)	\$ 76,259	\$ 1,353,055	\$ 731,789	
Total Net Position	\$ 4,540,742	\$ 3,208,377	\$ 2,882,630	\$ 2,958,889	\$ 4,311,944	\$ 5,043,733	11%
Net Position:							
Invested in capital assets, net of related debt	1,396,720	1,481,052	1,460,704	1,373,408	1,283,635	1,278,721	-8%
Restricted:	-	-	-	-	-	-	
Unrestricted	3,144,022	1,727,325	1,421,926	1,585,481	3,028,309	3,765,012	20%
Total Net Position	\$ 4,540,742	\$ 3,208,377	\$ 2,882,630	\$ 2,958,889	\$ 4,311,944	\$ 5,043,733	11%
Increase from prior year	-15.5%	-29.3%	-10.2%	2.6%	45.7%	17.0%	
source: Statement of Net Assets/Position							

Revenue Sources

SB Valley WCD's General Fund revenues include receipt of the one percent general levy property tax, mining lease revenues/royalties, groundwater assessments, and interest income. Mining royalties fluctuate based on several variables, including the market demand for aggregate, the economic health of the mining entities, and the terms and conditions of the leases. The district reserves are adequate to ensure future operations and the variability of its revenue sources. The investments include significant funding provided as a prepayment of mining royalties. Investment of these cash reserves provides a small but sustainable amount of revenue to the district.

NET INCOME								
		2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	5-yr Var.
Operating revenues:								
	Groundwater assessments	532,378	434,397	601,466	671,192	896,150	919,338	73%
	Water spreading ops				157,298	653,388	354,550	
	Services for other agencies	24,486	28,956	30,000	30,000	30,000	30,000	23%
	Total Oper. Revenue	\$ 556,864	\$ 463,353	\$ 631,466	\$ 858,490	\$ 1,579,538	\$ 1,303,888	134%
Operating expenses:								
	Water spreading ops							
	Prof. Services	1,314,616	630,938	281,386	167,750	139,159		-100%
	Salaries & Benefits	873,062	954,158	538,793	580,931	564,807		-100%
	Other			80,811	141,140	69,597	1,312,446	
	Other	381,821	359,454	2,194	1,028	6,750		-100%
	Depreciation	63,892	71,559	99,224	105,948	101,985	94,204	47%
	General & admin							
	Director's fee/expense	152,303	195,094	92,231	123,721	95,319		-100%
	Other	99,252	83,545	75,676	69,990	56,084		-100%
	Total Oper. Expenses	\$ 2,884,946	\$ 2,294,748	\$ 1,170,315	\$ 1,190,508	\$ 1,033,701	\$ 1,406,650	-51%
Non-operating rev. (expense):								
	Property taxes	\$ 83,042	\$ 76,916	\$ 79,880	\$ 76,976	\$ 129,852	\$ 108,138	30%
	Royalty income	\$ 1,196,989	\$ 205,315	\$ 47,106	\$ 201,064	\$ 264,912	\$ 416,294	-65%
	Rental income, net			\$ 120,966	\$ 77,867	\$ 75,098	\$ 77,817	
	Other	\$ 215,395	\$ 216,799	\$ 145,238	\$ 39,884	\$ 337,356	\$ 232,302	8%
	Total non-operating	\$ 1,495,426	\$ 499,030	\$ 393,190	\$ 395,791	\$ 807,218	\$ 834,551	-44%
Net income (loss)		\$ (832,656)	\$ (1,332,365)	\$ (145,659)	\$ 63,773	\$ 1,353,055	\$ 731,789	
* The categories for Operating Expenses in 2013-14 changed to District Operations (\$1,026,077), Regional Programs (\$99,171), and Gen & Admin (\$187,198).								
sources: Statement of Activities (2009-2010); Statement of Revenues, Expenditures, and Changes in Net Position (2011-2014)								

Emergence from Financial Difficulty

The district has recently come out of a difficult financial time which began in 2006, accelerated in 2008, and continued through 2011. This situation mirrored the overall economic slow-down; however, the effect on the district was more severe because all sources of the revenues were impacted at the same time. Since this time the district has revised its financial structure, reduced costs and implemented various policies that will reduce the likelihood and severity of these occurrences in the future. The district implemented cost reductions documented in the annual budgets including the reduction from seven to five divisions for the board of directors as allowed by special legislation.

In 2011 the district established a Land Management Enterprise to better clarify the roles of the district and to provide better accountability of the sources and use of funding provided in the various areas of the district's efforts. In 2011 and 2012 the Groundwater Charge was increased by 25% and 15% respectively to allow the groundwater enterprise to raise adequate revenue to operate the Water Enterprise facilities within its financial ability without subsidy from the district reserves or other enterprises. The Land Management Enterprise holds the district's land holdings not directly related to current water recharge activities. Revenue related to this enterprise includes mining royalties, land leases, commercial property leases and easement payments for encroachments and encumbrances.

The district's operating revenues increased in 2012 by 36% or \$227,024 primarily due to a \$69,726 increase in groundwater assessments and a \$157,298 increase in water spreading revenues (mainly due to reimbursement from a spreading agreement with MUNI. In 2013, operating revenues increased 84% or \$721,048 primarily due to a \$224,958 increase in groundwater assessments and a one-time receipt of \$496,090 related to water spreading activities (which includes a one-time payment of \$303,251 for the East Branch Extension II Easement Condemnation). For 2014, operating revenues were marginally above operating expenses.

In 2012, non-operating revenues increased by 12% or \$54,720 due primarily to a \$153,958 increase in royalty revenues and a \$38,858 increase in rental income that was offset by a \$160,343 decrease in other non-operating revenues. Non-operating revenues increased by 83% or \$422,788 in 2013 due primarily to a \$52,876 increase in property tax revenues, a \$63,848 increase in royalty revenues, and a \$311,818 increase in other non-operating revenues related to a one-time receipt from the Department of Water Resources for the East Branch Extension II Easement Condemnation.

Reserves

Also, in 2012 and 2013, district policies were updated to revisit reserve levels and provide for implementation when revenue was available. The table below shows designated cash and cash equivalent balances after full implementation of these policies. The Land Resources Reserve and Groundwater Recharge Enterprise Reserve contain deferred capital projects anticipated for completion in 2015 and 2016.

Fund	2013 Balance	2014 Balance
Groundwater Recharge Enterprise	\$1,229,001	\$1,524,057
Groundwater ER Maintenance	50,000	100,000
Land Resource Reserve ³⁶	679,206	927,180
Post-employment/CalPERS Trust	3,118	32,423
Self-Insurance Reserve	10,000	15,000
General Operating Reserves	510,027	640,324
Groundwater Assessment Rate Stabilization	-	38,340
Redlands Plaza Reserve	-	55,127
Habitat Management Trust	-	-
Capital Improvement/Equip Reserve	-	60,000
TOTAL	\$2,511,352	\$3,392,451
Prepaid Aggregate Royalty/Liability (1 yr callable)		\$5,000,000
source: SB Valley WCD June 30, 2013 & 2014 audits		

³⁶ The Land Management Enterprise holds the District's land holdings not directly related to current water recharge activities. Revenue related to this enterprise includes mining royalties, land leases, commercial property leases and easement payments for encroachments and encumbrances. These revenues enhance the District's financial position through one time and recurring revenue opportunities which can support the District's core functions and augment reserves to stabilize rates and allow funding of improvements.

General Fund Reserve

According to SB Valley WCD, reserves are funded in all critical areas of risk. The General Fund Reserve may contain up to two years of the General Fund costs of the district, which currently contains \$540,273 which is about one year of General Fund operations. The district's other reserves are allocated by policy. The Groundwater Reserves are funded at about \$1.6 million, about 90% of the maximum by policy, however a significant portion of that will likely be needed in Capital Improvements for Mill Creek Diversion Rehabilitation. The land resources reserve is currently over funded at \$968,387; however this reserve is used to make safety repairs and improvements planning for the next two fiscal years. The district has a Capital Improvement/Equipment reserve currently funded at about \$400,000, which provides capacity for pay-go project and equipment replacement.

Similar to Chino Basin WCD, the district has high liquidity, no long-term debt, and meets its service obligations (after capital projects). Therefore, an unassigned fund balance of this magnitude seems disproportionate to the services the district provides.

In response to the draft staff report, the District states that

“...it currently has a counter-cyclic revenue and expense cycle. In drought, pumping from the groundwater basin increases and costs for maintenance moderate, while operations are somewhat reduced. During wet periods, the cost of vegetation removal operations and the cleanup of silt and sediment can be extensive, to prepare for the next season. Without accumulating this reserve for the Groundwater Enterprise, rates would be highly variable based on annual cost. During rate hearings the District had repeatedly heard that fluctuations in rates paid by cities and districts were difficult as they set rates for 3-5 years in advance. Additionally, the District is presently designing capital improvements which will use much of the reserve attributable to Groundwater. Future land management costs will utilize land management funds.”

Groundwater Assessments

Lastly, in April 2014 the district again increased its groundwater assessment rates from \$3.14 to \$3.23 for agriculture and from \$11.28 to \$11.62 per acre foot for non-agricultural uses. The FY 2014-15 budget identifies revenue increases of \$947 for agricultural uses and \$36,737 for non-agricultural uses.

Director Expenses

The figure below identifies Director Expenses as outlined in its budgets. The board of director per-diem of \$197 per meeting up to a maximum of 10 meetings per month and expenses for District and other meetings is set by Ordinance No. 2014-1 and Resolutions No. 509A & 509B. A review of the district's minutes identifies that the district board meets roughly 13 times a year with quarterly meetings of the finance committee, operations committee, and outreach committee. Therefore, a fair estimate for stipends and travel expenses for district board and committee meetings would be \$18,000. Board members do not receive health, life insurance, or retirement benefits. This leaves over \$64,000 annually (from 2010-11 through 2013-14) for what is believed to be fees for partner agency attending association meetings, seminars, and

conferences. To illustrate the point, dividing the 2013-14 Directors Fees (\$68,000) by the per diem (\$197) and five board members equates to 69 meetings a year per director. This additional amount related to Directors Fees appears to be high for any district, more so given the limited nature of the district.

Activity	2010-11	2011-12	2012-13	2013-14
Director Fees	\$64,155	\$66,487	\$69,541	\$68,000
Mileage	879	2,145	2,850	3,000
Air Fare	1,201	2,822	5,100	4,750
Other Travel	165	192	350	500
Meals	1,021	1,333	2,930	2,930
Lodging	6,414	3,029	3,758	3,500
Conference/Seminar	11,627	5,000	4,500	4,590
Total	\$85,462	\$81,008	\$88,029	\$87,270
No. of Directors	7	7	5	5

Habitat Management Reserve/Trust (future)

According to the FY 2014-15 budget, the Habitat Management Reserve/Trust is to provide multi-year funding to support future habitat projects in support of the Wash Plan related project requiring restricted reserve funds for payment of future costs. These funds may be contributed to a trust for safekeeping if required. The district does not currently have any habitat management requirements budgeted for reserve but will when the Wash Plan is implemented. The level for this reserve will be determined when a plan is approved by the board.

However, SB Valley WCD is not authorized by LAFCO or State Law the function or service of habitat management or similar activity. Further, Water Conservation District Law does not allow for a water conservation district to provide habitat management services. Since March 2006, SB Valley WCD is authorized by LAFCO to provide "water conservation" and "surveys of water supply and resources" pursuant to the *Rules and Regulations of the Local Agency Formation Commission for San Bernardino County Affecting Functions and Services of Special Districts*. Should the district desire to actively provide habitat management and enhancement, it would need to receive special legislation to expand the scope of its authorized activities as well as submit an application to LAFCO requesting authorization to provide said service.

As an alternative to SB Valley WCD providing habitat management and enhancement, the Inland Empire Resource Conservation District could perform this service as its parent act and LAFCO authorize it to do so.

IEUA and MUNI

Information on the governmental activities of the two municipal water districts are briefly discussed below. A full review of these districts' financial activities will take place in the service review for wholesale, retail, and recycled water.

IEUA

Recharge Water Fund

IEUA's Recharge Water Fund records the activities related to the operation and maintenance of the nineteen groundwater recharge basins and pertinent facilities. Through the joint efforts of the Watermaster, the Chino Basin WCD, and Flood Control District, IEUA performs all of the operation and financial functions related to its recharge activities. Costs include general basin maintenance and restoration, groundwater administration, compliance reporting, environmental documentation and contracted services that are fully funded by the Watermaster, with IEUA funding its pro-rata share of costs based on recharged deliveries of recycled water. The operations and maintenance budget is partially funded by the Watermaster and IEUA. Revenues include reimbursements from the Watermaster, inter-fund transfers from IEUA's Regional Wastewater Capital and Recycled Water funds, grant proceeds and interesting earnings on the programs reserve balance.

The Recharge Water Fund's total operating expenses recorded in FY 2013-14 were \$2,362,352 compared to \$2,339,554 in FY 2012-13, resulting in an increase of \$22,798. The increase was due to: 1) operation expenses related to repairs; and 2) higher depreciation expenses resulting from the completion and capitalization of various capital projects. At June 30, 2014, total net position was \$33,201,574, a decrease of \$66,951 over the prior fiscal year.

Water Resources Fund

The Water Resources Fund records the fiscal activities associated with providing water resources and water use efficiency programs within the agency's service area. These programs include management and distribution of imported water supplies, development and implementation of regional water use efficiency initiatives, water resource planning and support for regional water supply programs including recycled water, groundwater recharge, and storm water management. The Water Resources Fund's major revenue source can be attributed to the surcharge for imported water sold within the service area and a monthly meter service charge per meter. The regional water conservation programs receive dedicated funding, including a portion of the imported water acre foot surcharge and water meter service charge, and program grants and reimbursements from various sources including state, federal, and local agencies.

As for the IEUA in general, the increase in Net Position for 2012-13 included an operating loss of \$41.9 million. This is due in part to the agency being required by the California State Controller's office to report property taxes as non-operating revenue. However, the majority of the property tax revenues are used for State Water Project expenditures which are included in operating expenses from which it will draw upon the funds. As of June 30, 2014, the Water Resources Fund has total assets of \$12.3 million and liabilities of \$9.2 million, resulting in a total net position of \$3.1 million.

MUNI

MUNI had unrestricted Net Position of \$108.0 million at June 30, 2013, a substantially high figure. The Board of Directors has designated \$18 million of this reserve to be retained for the purpose of self-insuring the district against any claims made against the district. MUNI has an extensive future capital improvement plan which consists of many projects including: Enhanced Santa Ana River Spreading, Central Feeder Phase 2, Santa Ana River Tributary / Storm Water Capture and Recycled Water System.

D. Appropriations Limit

Article XIII B of the State Constitution (the Gann Spending Limitation Initiative)³⁷, mandates local government agencies receiving the proceeds of taxes to establish an appropriations limit. Without an appropriations limit, agencies are not authorized to expend the proceeds of taxes. Section 9 of this Article provides exemptions to the appropriations limit, such as Section 9(c) exempts the appropriations limit for special districts which existed on January 1, 1978 and which did not levy an ad valorem tax on property in excess of \$0.125 (12 ½ cents) per \$100 of assessed value for the 1977-78 fiscal year. According to the *County of San Bernardino 1977-78 Valuations/Tax Rates* publication, the FY 1977-78 tax rate for the districts was as follows:

1977-78 Tax Rates per \$100 of Assessed Value

District	Chino Basin WCD	IEUA	MUNI	SB Valley WCD
Tax Rate	.2145	.3300	.9500	.0300
Subject to Limit	Yes	Yes	Yes	No

As identified above, Chino Basin WCD, IEUA, and MUNI are subject to the limit. IEUA and MUNI annually adopt the limit as part of its budget process. For FY 2014-15, the IEUA limit is \$150,204,136 and the MUNI limit is \$24,215,427. Further, Section 1.5 reads that the annual calculation of the appropriations limit for each entity of local government shall be reviewed as part of an annual financial audit. A review of the audits for IEUA and MUNI does not identify the annual calculation of the limit. LAFCO staff recommends that IEUA and MUNI include this requirement in future audits.

For this service review, in September 2014 LAFCO provided Chino Basin WCD with information regarding the appropriations limit, which included excerpts from the State Constitution and Government Code, examples of calculating the limit, and calculation models from the State Department of Finance. On January 12, 2015 the district established its appropriations limit by resolution. The appropriations amount subject to the Gann Limit for FY 2014-15 is \$6,359,773.

³⁷ In 1979 the voters amended the California Constitution by passing Proposition 4 (the Gann Initiative), requiring each local Government to set an annual appropriations limit (the Gann Limit).

F. Posting of Annual Compensation

Starting January 1, 2015 local public agencies are required to post information on the annual compensation of their elected officials, officers and employees. Under existing law, cities and special districts are required to file an annual report with the State Controller's Office identifying the annual compensation of their officers and employees. AB 2040³⁸ extends the law so that public agencies are required to also post the same information on their own websites. Public agencies can comply with this law in two ways: directly include the salary information on the agency's website or provide a link on the website to the State Controller's "Government Compensation in California" site. As of the date of this report, Chino Basin WCD, MUNI, and SB Valley WCD do not comply with this requirement.

F. Conclusion for Determination IV.

The Chino Basin WCD has a high unassigned fund balance that seems disproportionate to the services the district provides. MUNI had an unrestricted Net Position of \$108 million at June 30, 2013, a substantially high figure. The Board of Directors has designated \$18 million of this reserve to be retained for the purpose of self-insuring the district against any claims made against it.

SB Valley WCD has recently come out of a difficult financial time which began in 2008 and continued through 2011. This situation mirrored the overall economic slow-down; however, the effect on the district was more severe because all sources of its revenues were impacted at the same time. Since this time the district has revised its financial structure, reduced costs and implemented various policies that will reduce the likelihood and severity of these occurrences in the future. The district implemented cost reductions documented in the annual budgets including the reduction from seven to five divisions for the board of directors as allowed by special legislation (SB-235). In 2011 and 2012 the Groundwater Charge was increased by 25% and 15% respectively to allow the fund to raise adequate revenue to operate the facilities within its financial ability without subsidy from the district reserves or other enterprises. The district has high liquidity, no long-term debt, and meets its service obligations (after capital projects). Therefore, a high unassigned fund balance seems disproportionate to the services the district provides. In response to the draft staff report, SB Valley WCD states that it has a counter-cyclic revenue and expense cycle and that without accumulating this reserve rates would be highly variable and is presently designing capital improvements which will use much of the reserve attributed to groundwater. Should the district desire to actively provide habitat management and enhancement (related to the Wash Plan), it would need to receive special legislation to expand the scope of its authorized activities as well as submit an application to LAFCO to request authorization to provide said service.

Chino Basin WCD, IEUA, and MUNI are subject to an appropriations limit as outlined in the State Constitution. San Bernardino Valley WCD is not subject to the appropriations

³⁸ An act to amend Sections 12463 and 53892 of, and to add Article 10.5 (commencing with Section 53908) to Chapter 4 of Part 1 of Division 2 of Title 5 of, the Government Code, relating to local government.

limit as it was determined to be exempt due to its limited tax rate in 1977-78. IEUA and MUNI annually adopt the limit as part of its budget process. A review of the audits for IEUA and MUNI does not identify a review of the annual calculation of the limit as required by the Constitution. LAFCO staff recommends that IEUA and MUNI include this requirement in future audits. Chino Basin WCD established its appropriations limit on January 12, 2015 and has indicated it will be reviewed in future audits.

Determination V.

Status of, and opportunities for, shared facilities

A. Status of shared facilities

Throughout the Valley Region there are numerous partnerships between the Flood Control District, municipal water districts, and water conservation districts for stormwater capture. Interestingly, this symbiotic relationship produces both economies of scale and duplication of service. The relationships produce economies of scale in that Flood Control District and the municipal water districts can utilize the already existing basins of the conservation districts. These relationships are memorialized in written agreements, detailed in Determination III and on file at the LAFCO office.

West Valley

One such relationship in the West Valley is the Groundwater Recharge Master Plan which identifies opportunities to use these supplies during wet years when surplus water is available.³⁹ The Agreement for Operation and Maintenance of Facilities to Implement the Groundwater Recharge Master Plan is commonly referred to as the Four Party Agreement, and was entered into by the Flood Control District, IEUA, Chino Basin WCD, and IEUA to cooperate in a program to implement certain portions of the Recharge Master Plan for the purpose of assuring that the Chino Basin has adequate recharge capabilities to meet its future needs. The effective date of the agreement was January 23, 2003 and continues through December 31, 2032.

To provide a comprehensive program to increase the recharge of storm-water, recycled water, and imported water into the Chino Basin groundwater aquifer, the Groundwater Recharge Master Plan was developed in 2001 (and updated in 2010) as part of the Watermaster OBMP. A 2013 Recharge Master Plan Update to the 2010 Recharge Master Plan was recently completed. The update evaluated 27 yield enhancing capital projects for the Chino Basin and recommends implementation of 11 projects over the next six years. IEUA has agreed to finance three of the projects (RP 3 basin improvements, Victoria Basin, and Lower Day). The remaining projects require additional investigation to evaluate the feasibility and cost-effectiveness of incorporating the basins into the recharge program.

The same member agencies of the Groundwater Recharge Master Plan (Four Party Agreement) are on the Groundwater Recharge Coordinating Committee ("GRCC"). The purpose of the GRCC is to coordinate and manage the use of the recharge basins for all recharge purposes contemplated under the Groundwater Recharge Master Plan. Each of the Parties is entitled to appoint one member and one alternate member to the GRCC. The GRCC meets quarterly or as often as necessary to facilitate full coordination of groundwater recharge operations.

³⁹ 2011 Urban Water Management Plan

Another example is Chino Basin WCD ownership of stormwater capture basins with IEUA contributing an operating and accounting role, as shown in the figure below.

Drainage System, Basin	IEUA Role	CBWCD Role	Storage Capacity (AFY)	Water Recharge Source	Notes
San Antonio Channel Drainage System					
College Heights East	A,B,D,F,H,I,J,L,N	G,M	145	Storm, State Project	No need for E, no infrastructure for C
College Heights West	A,B,D,F,H,I,J,M,N	G,L	126	Storm, State Project	No need for E, no infrastructure for C
Montclair 1	A,B,D,F,H,I,K,M,N	E,G,J,L	134	Runoff, storm, State Project	No infrastructure for C
Montclair 2	A,B,D,F,H,I,K,M,N	E,G,J,L	243	Runoff, storm, State Project	No infrastructure for C
Montclair 3	A,B,D,F,H,I,K,M,N	E,G,J,L	49	Runoff, storm, State Project	No infrastructure for C
Montclair 4	A,B,D,F,H,I,K,M,N	E,G,J,L	97	Runoff, storm, State Project	No infrastructure for C
Brooks	A,B,C,D,F,H,I,K,M,N	E,G,J,L	503	Runoff, storm, recycled, State Project	
West Cucamonga Channel Drainage System					
Ely 3 *	A,B,C,D,F,H,I,J,M,N	E,G,L,K	136	Runoff, storm, recycled	
<p>* Ely #1 and #2 are owned by San Bernardino County Flood Control District.</p> <p>A) Stormwater Passive Capture and Volume Accounting B) Stormwater Active Diversion and Volume Accounting C) Recycled Water Delivery and Volume Accounting D) Imported Water Delivery and Volume Accounting E) Vector Control Coordination F) Weeding Monthly in Areas of Impact G) Landscape and Property Maintenance H) Operate and Maintain GWR Communication Infrastructure I) Operate and Maintain Diversion Infrastructure J) Infiltration Restoration Lead Agency K) Infiltration Restoration - support agency L) Basin grading maintenance - lead agency M) Basin grading maintenance - support agency N) Biologic Surveys and Biological Permitting</p> <p>sources: Chino Basin WCD and IEUA</p>					

East Valley

In the East Valley, since 1972 Flood Control District has allowed MUNI to utilize Flood Control detention/debris basins for groundwater recharge when they are not needed for flood control. The legal agreement that defines this relationship is in the process of

being updated. In the meantime, Flood Control District continues to allow MUNI to utilize Flood Control detention/debris basins for groundwater recharge per the terms of the original agreement. Nearly all of the MUNI's facilities have been constructed through participation with other agencies. Projects that involve multiple agencies reduce costs by eliminating parallel facilities. Below is a list of past and current MUNI projects that involve other agencies, as provided by MUNI and reformatted by LAFCO staff.

Facility	Status	Participating Agency
Lytle Creek Pipeline	Complete	San Gabriel Valley Municipal Water District
Foothill Pipeline, SARC Pipeline, Greenspot Pipeline, Yucaipa Pipeline, East Branch Extension (Phase I)	Complete	San Gorgonio Pass Water Agency
Baseline Feeder Wells and Pipeline	Complete	West Valley Water District, City of Rialto, Riverside Highland Mutual Water Company
Baseline Feeder Wells Extension South	Complete	Western Mutual Water District, City of San Bernardino (operate)
Yucaipa Connector Pipeline	Complete	San Gorgonio Pass Water Agency, CA Dept of Water Resources
Mentone South Pipeline, Mentone East Pipeline, (East Branch Extension Pipeline, Phase II)	Construction	San Gorgonio Pass Water Agency, CA Dept of Water Resources
Citrus Reservoir & Pump Station	Construction	San Gorgonio Pass Water Agency, CA Dept of Water Resources
Crafton Hills Pump Station Extension	Construction	San Gorgonio Pass Water Agency, CA Dept of Water Resources
Crafton Hills Reservoir Extension	Construction	San Gorgonio Pass Water Agency, CA Dept of Water Resources
Enhanced Recharge in Santa Ana River Basins Project (stormwater capture)	Design permitting, Land acquisition	Western Municipal Water District, SB Valley Water Conservation District, Riverside Public Utilities, Meeks & Daley Water Company, Riverside Highland Water Company, University of CA, Riverside
Foothill Pump Station	Complete	Metropolitan Water District of So. Cal.
Central Feeder Pipeline, Redlands Reservoir & Pump Station	Complete	Currently developing partnerships, State grants
10 th Street Pipeline	Complete	Owned by San Bernardino Municipal Water Dept. MUNI owns 61.98% of capacity
Virginia Street Pipeline	Complete	Owned by San Bernardino Municipal Water Dept. MUNI owns 46.73% of capacity
Texas Street Reservoir	Complete	Owned by City of Redlands, MUNI owns 2.3 million gallons of capacity

In 2012 an agreement to Develop and Operate Enhanced Recharge Facilities was entered into by the SB Valley WCD, MUNI, and Western Municipal Water District

(Riverside County). The purpose for the agreement is to collaborate by increasing opportunities to recharge local surface water supplies, as well as State Project Water, in the San Bernardino Basin Area by reducing the time and cost required to permit and construct essential public infrastructure (such as spreading basins); and by working together to achieve an efficient division of labor in the operation and maintenance of water infrastructure. The goal of the agreement is to harmonize their water resource activities with other uses, for the optimization of coordinated use by all. Pursuant to the agreement, SB Valley WCD is to lease its facilities and land with financial compensation for the purpose of recharging to MUNI and Western MWD, and such use shall be only for the purpose of recharging, storing or conveying water from any source into or through the percolation basins and other facilities owned or controlled by the SB Valley WCD. The Agreement also requires SB Valley WCD to, hold in reserve, money from the lease payments to prepare for basin cleaning.

B. Opportunities for shared facilities

Multiple opportunities exist for additional shared facilities. Agencies that have a mandate or need to capture stormwater can contract with other agencies that own land in a particular location. As for water education, the Chino Basin WCD operates the sole demonstration garden within the Chino Basin. Consolidation of all water education efforts in the Chino Basin to be performed by Chino Basin WCD would maximize the use of its newly constructed facilities.

As long as there are multiple agencies authorized to provide stormwater capture the opportunity to share facilities will remain. In the West Valley, the Watermaster and IEUA are working together to develop two new retention facilities at the Turner Basin. The City of Ontario and San Bernardino Associated Governments (SANBAG) agreed to spend \$4.5 million to dig out 175,000 cubic yards of soil to form a new water retention basin. In exchange they are keeping the soil for a railroad crossing project.

The opportunity for a shared demonstration facility in the East Valley similar to that of Chino Basin WCD or Cucamonga Valley Water District would benefit the East Valley. Instead of one agency bearing the cost of such a facility, utilizing an existing joint powers mechanism would be preferred. Moreover, such facilities already exist under the Chino Basin WCD and Cucamonga Valley Water District. The East Valley agencies could contract with either of these districts for use of its facilities when needed.

C. Conclusion for Determination V.

Throughout the Valley Region there are numerous partnerships between the Flood Control District, the municipal water districts, and the water conservation districts for storm water capture. This symbiotic relationship produces both economies of scale and duplication of service. As long as there are multiple agencies authorized to provide stormwater capture the opportunity to share facilities will remain.

Determination VI.
Accountability for community service needs, including governmental structure and operational efficiencies

A. Governmental Structure

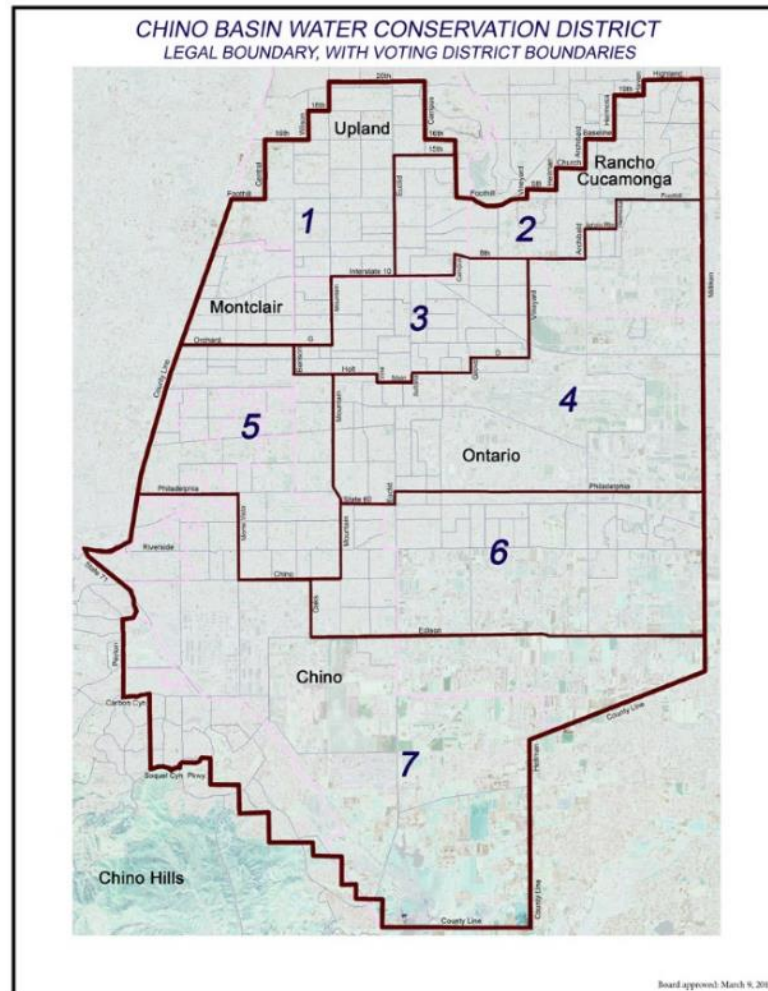
Board of Directors

The primary districts reviewed in this report are independent special districts each governed by a board of directors. Members have been either elected at-large by the voters or appointed in-lieu of election by the County Board of Supervisors to four-year staggered terms.

Chino Basin WCD

The Chino Basin WCD is governed by a seven-member board elected by division and operates with eight committees: Finance, Personnel, Education, Recycled Water, Facilities, Advertising (Ad-hoc), Basin Landscape, and Potential Storm Water Capture Facilities (Ad-hoc). A review of the election results from the County Registrar of Voters website and County Clerk of the Board database since 1996 identifies competitive elections in 1997 (2 of 4 seats), 1999 (2 of 3), 2001 (2 of 4), 2008 (1 of 4), and 2012 (1 of 4). The current composition of the board is shown below with a map of the voting divisions to follow:

Board Member	Title	Term	Division	Elected/Appointed last election
Terry King	Director	2018	1	Appointed In-Lieu of election
Kati Ooten Parker	President	2016	2	Appointed In-Lieu of election
Margaret Hamilton	Director	2018	3	Appointed In-Lieu of election
Paul Hofer	Vice-President	2016	4	Appointed In-Lieu of election
Al Yoakum	Director	2016	5	Elected
Hanif Gulmahamad	Director	2016	6	Appointed In-Lieu of election
Geoffrey Vanden Heuvel	Treasurer	2018	7	Appointed In-Lieu of election



A review of the election results from the County Registrar of Voters website and County Clerk of the Board database identifies that since 2003 there have been only two competitive elections, the remainder have not yielded enough interested and qualified candidates for a competitive election to be conducted, resulting in appointments in-lieu of election. There is a correlation with the pool of potential candidates to hold office (registered voters) and the number of candidates seeking office. In a recent edition of its report, *What's So Special about Special Districts*, the state Senate Local Government Committee states that the, "narrow and technical nature of a district's activities often results in low civic visibility until a crisis arises."⁴⁰

The public's lack of knowledge of the district as well as having seven divisions instead of five may be contributing to the lack of competitive elections. Therefore, a reduction in board members from seven to five, as did SB Valley WCD, may allow for competitive elections.

⁴⁰ California Senate Local Government Committee, *What's So Special about Special Districts?*, Fourth Edition, October 2010.

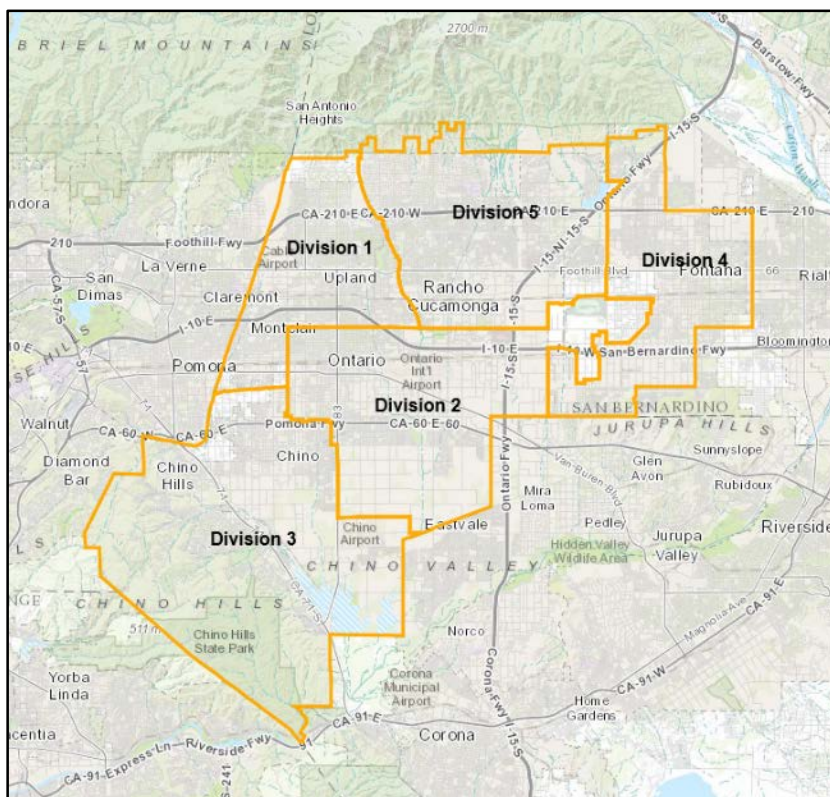
Currently, the District employs a total of 14 employees consisting of 12 full-time employees (one General Manager, one Conservation Specialist, one Community Outreach/Education Coordinator, one Administrative Assistant, one Office Assistant, two Conservation Technicians, three Landscape Maintenance Workers, one Facility/Landscape Maintenance Supervisor), one part time employee (Technical Writer), and two part time interns.

Specific to the education function of the district, two full time employees are assigned 100% of their efforts to education (Community Outreach and Education Coordinator and Community Outreach and Education Assistant). The Conservation Specialist current is assigned 75% of time to education, which is planned to transition to 100%. The Conservation Assistant is assigned 50% of the time to education. Five additional employees are QWEL certified and teach the classes to professional landscapers. Due to the drought and the Governor's direction on water conservation, it is the district's desire to have all employees involved in water conservation.

IEUA

A five-member Board of Directors governs the Inland Empire Utilities Agency. Each director is elected by division, Division 1 (Upland/Montclair); Division 2 (Ontario); Division 3 (Chino/Chino Hills); Division 4 (Fontana); Division 5 (Rancho Cucamonga), and serves a four-year term. A review of the election results from the County Registrar of Voters website and County Clerk of the Board database since 1996 identifies competitive elections in 1996 (2 of 2 seats), 1998 (1 of 3), 2000 (1 of 2), 2004 (2 of 2), 2006 (2 of 3), 2008 (2 of 2), 2010 (3 of 3), and 2014 (1 of 3). The current composition of the board is shown below with a map of the voting divisions to follow:

Board Member	Title	Term	Division	Elected/Appointed last election
Terry Catlin	President	2016	1	Appointed in lieu of election
Gene Koopman	Director	2018	2	Elected
Steven Elie	Secretary/Treasurer	2018	3	Appointed in lieu of election
Jasmin Hall	Director	2018	4	Appointed in lieu of election
Michael Camacho	Vice President	2016	5	Appointed in lieu of election



The Agency's staff consisted of 295 authorized positions, of which 258 were filled as of June 30, 2014. The Agency is organized with five executive staff (General Manager, Executive Manager of Policy Development, Executive Manager of Operations, Executive Manager of Engineering, and the Chief Financial Officer) and 12 management staff. Of the 258 employees, 2.6 Full Time Equivalent positions were dedicated to recharge water programs and 4.3 to water related activities and conservation programs.

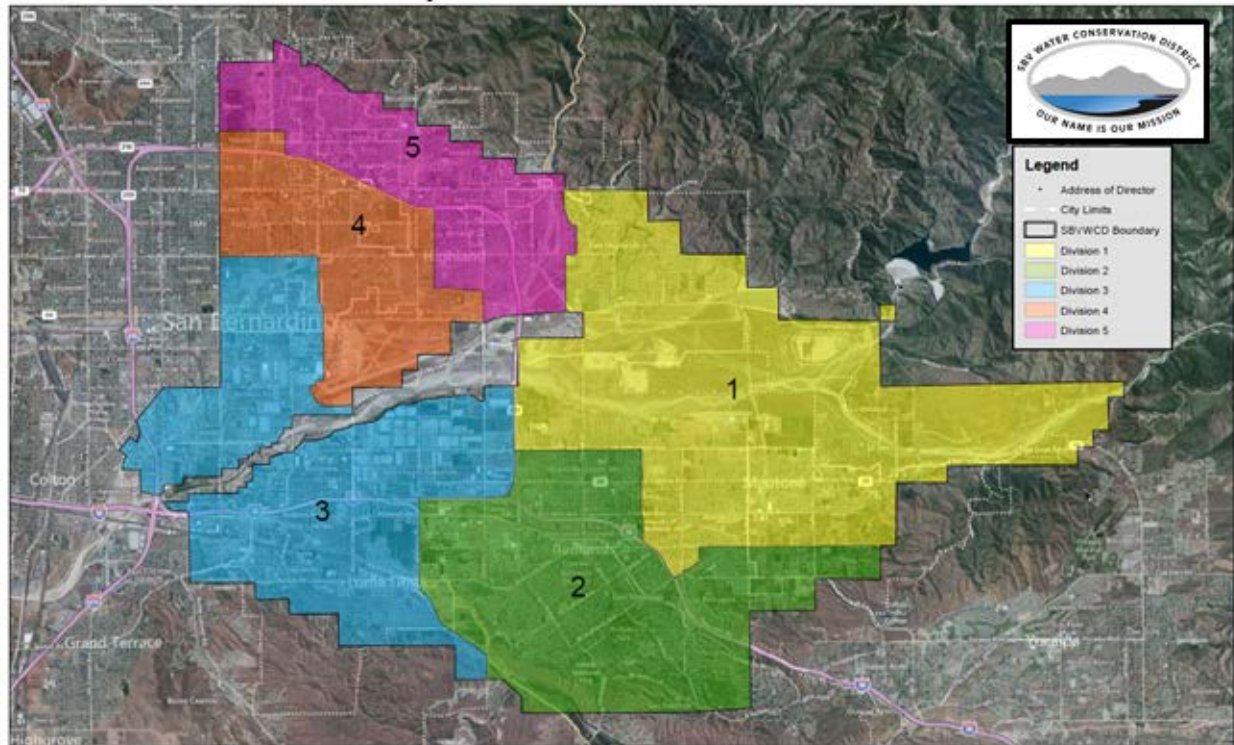
SB Valley WCD

The SB Valley WCD is governed by a five member Board of Directors, elected within divisions. Up until December 2013, the District had seven seated Board Members. In October 2012 it acted to reduce its number of elected representatives in accordance with the requirements of SB-235, a bill sponsored by the district to allow it to reduce from seven board members to five board members. The Board adopted Resolution No. 481 Implementing Senate Bill 235, ordered the reorganization of the divisions, and reduced the number of board members from seven to five in September 2012.

Board elections are held by mail ballot in the August of each odd year. A review of the election results from the County Registrar of Voters website and County Clerk of the Board database since 1996 identifies competitive elections in 1997 (1 of 4 seats), 1999 (1 of 3), 2001 (1 of 4), 2009 (1 of 4) and 2011 (1 of 3). Since the reorganization of the divisions, all board members have been appointed. The current composition of the board is shown below with a map of the voting divisions to follow:

Board Member	Title	Term	Division	Elected/Appointed last election
Richard Corneille	President	2015	1	Appointed in lieu of election
David Raley	Director	2017	2	Appointed in lieu of election
Manuel Aranda Jr.	Director	2015	3	Appointed in lieu of election
John Longville	Director	2017	4	Appointed in lieu of election
Melody Henriquez-McDonald	Vice-President	2017	5	Appointed in lieu of election

San Bernardino Valley Water Conservation District Division Boundaries

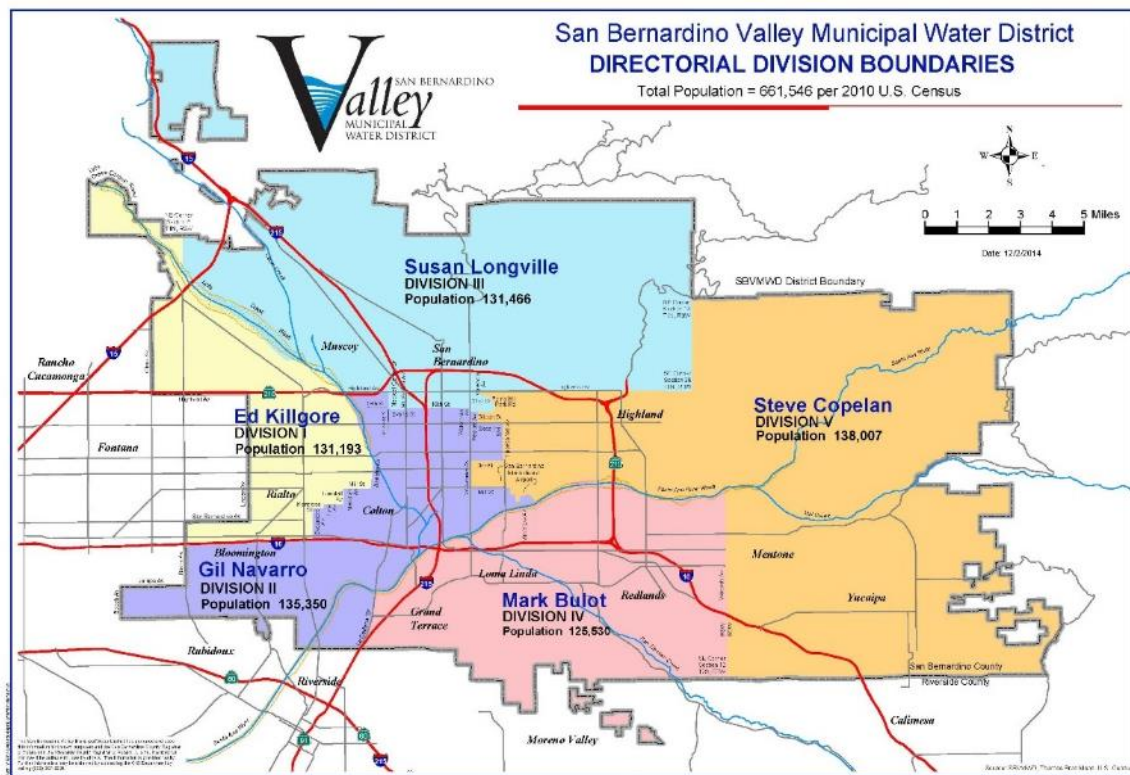


SB Valley WCD currently has six full time staff authorized by the Board: two field staff, two administrative staff, Land Resources Manager, and General Manager. Part time interns change as students are hired and graduate. Currently, there are no other part time staff. For large maintenance activities, temporary labor may assist the field staff.

MUNI

San Bernardino Valley Municipal Water District is governed by a five member board of directors that each represent one division within MUNI's service area. A review of the election results from the County Registrar of Voters website and County Clerk of the Board database since 1996 identifies competitive elections in 1996 (1 of 2 seats), 1998 (3 of 3), 2000 (2 of 2), 2008 (1 of 2), 2010 (3 of 3), 2012 (2 of 2), and 2014 (3 of 3). The current composition of the board is shown below with a map of the voting divisions to follow:

Board Member	Title	Term	Division	Elected/Appointed last election
Ed Killgore	Treasurer	2016	1	Elected
Gil Navaro	Secretary	2016	2	Elected
Susan Longville	Director	2018	3	Elected
Mark Bulot	President	2018	4	Elected
Steve Copelan	Vice-President	2018	5	Elected



B. Governmental Structure Opportunities

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review ⁴¹. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

In some cases, functional consolidation or integration can reduce costs so that services can be maintained and improved with fewer dollars. A service review should address possible options for the community to consider for the future. Movement towards these

⁴¹ State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

scenarios would include, but not be limited to, the requirement to prepare a plan for service, fiscal impact analysis, and any other required studies.

1. Reorganization to include Consolidation of the Water Conservation Districts

In the West Valley and East Valley there is overlap of both storm water capture and water education activities by the water conservation districts and the municipal water districts, as well as the Flood Control District. In each circumstance, the water conservation district is 1) a single purpose district (in fact the two water conservation districts in San Bernardino County are the only water conservation districts in the state that do not provide wholesale or retail water), 2) is not the only agency within its basin that provides stormwater capture or water education, 3) is overlaid by a municipal water district and flood control district that are authorized and actively provide stormwater capture, and 4) is overlaid by a municipal water district that engages in water education activities regionally. Therefore, the discussion of streamlining these activities in the Valley Region is warranted.

To dissolve a water conservation district, Water Conservation District Law requires a petition signed by 60% of the registered voters within a water conservation district to support the dissolution. This requirement would have to occur for each of the water conservation districts. Therefore, dissolution of either water conservation district is not likely given these requirements. Instead, consolidation of a water conservation district provides a more likely mechanism.

Consolidation offers the greatest level of benefit for resource management, seamless operations, and standardized coverage. For stormwater capture, overhead would reduce as shared equipment and labor would result in savings. All areas would participate in capital costs for new equipment and facility upgrades. The redundancies for multiple elected and appointed officials as well as leadership staff would be eliminated. It would be expected that a single agency could use resources more effectively, and water education activities could consolidate thereby resulting in a single, streamlined message.

Under the consolidation option, by statute all assets and liabilities of consolidating organizations accrue to the new entity. Thus, the consolidated district would receive title to all assets of the existing districts and would become responsible for subsequent capital improvements required. Terms and conditions imposed by LAFCO on the reorganization would specify such transfer and restrictions. In the case of outstanding debt, a condition would be imposed by LAFCO whereby the area that incurred the debt pays off that debt. Therefore, the other consolidating agencies would not be subject to such debt payments. An application for consolidation would include a condition that all property tax revenue from each district would transfer to the consolidated district.

a. Regional - One Water Conservation District for the Valley Region

Since the formation of the two water conservation districts in the Valley, there are significant gaps in coverage of a water conservation district, particularly within the Rialto-Colton basin. This scenario would include consolidation of the two water conservation districts and annexation of the remainder of the Valley Region.

Historically, the two water conservation districts were formed by the needs of the respective areas. SB Valley WCD was preceded by a voluntary water conservation association formed in 1908 for water recharge and protection of water rights. Chino Basin WCD was formed in 1949 to protect the Chino Groundwater Basin.

The benefits of a single regional agency responsible for water conservation is that the consolidated agency could be the primary agency responsible for water conservation for the entire Valley Region to include storm water capture and public education. The area in between the two water conservation districts is covered by the Lytle Creek Water Conservation Association⁴². For public education, this would provide a single voice on the matter thus removing the fractured message, program, and educational opportunities. Also, the newly constructed facilities of the Chino Basin WCD (Water Conservation Center and Waterwise Demonstration Garden) would be available to the entire Valley Region. In response to the draft staff report, SB Valley WCD states that it believes that the local nature of water conservation is important. While public education does benefit from coordination and unification such as is done in the East Valley with iEfficient and cooperatively funding Inland Empire RCD programs, the district does not believe that public education would be specifically enhanced by consolidation.

However, this would not streamline the storm water capture activity because the Flood Control District and the municipal water districts would continue to contract with the water conservation district. While there would be one less water conservation district in sum, the level of contracting between the consolidated water conservation district and other agencies would remain. Thus, it appears that economies of scale for stormwater capture would not be maximized in this regard. Moreover, each basin is unique with its own geology and challenges. Total basin management (one agency to oversee all activities per sub-basin) would maximize efficiencies instead of a regional storm water capture agency. Further, the Chino Basin and San Bernardino Basin Area are adjudicated and basin management is paramount.

While LAFCO staff supports this effort and the consolidation if proposed by the two agencies could not be denied by the Commission, it appears that the two Municipal Water Districts would not support this jurisdictional change.

⁴² A 1924 judgment allocated all water rights in the Lytle Creek Region to the various user agencies.

b. Regional - San Bernardino County Flood Control District Assuming all Storm Water Capture

The special legislation forming the San Bernardino County Flood Control District prescribes water conservation activities as one of its functions for the waters of San Bernardino County. This scenario would include the consolidation of the two water conservation districts with the Flood Control District with the consolidated district being the Flood Control District. This would reduce the duplication of the agencies that are authorized to perform storm water capture (all the agencies reviewed in this report). The result would be the Flood Control District as the primary storm water capture agency in the Valley Region. Additionally, the Flood Control District could jointly manage the movement of flood water and capture of storm water.

Similar reasoning as with the consolidation of the water conservation districts option described above, the unique geography of each basin along with its own challenges would not support a total basin management approach. Further, the Chino Basin and San Bernardino Basin Area are adjudicated and basin health is paramount. For these reasons, the overlying municipal water districts would probably not support this scenario.

In addition, as a part of the processing of this service review, the Flood Control District has identified that its primary function is to move flood waters as quickly and safely through the area so as not to cause damage. Lacking support of the two municipal water districts and the Flood Control District, this option is not likely.

c. Consolidation of the Water Conservation District and its Respective Municipal Water District

In this scenario, the smaller water conservation district consolidates with the larger municipal water district. In the West Valley this would include Chino Basin WCD and IEUA, and in the East Valley this would include SB Valley WCD and MUNI. The discussion immediately below describes consolidation between the water conservation districts with the municipal water districts in general. A discussion of each specific consolidation scenario also follows.

Each municipal water district overlays the entirety of the respective water conservation district and both are authorized to and actively perform water conservation activities. Further, the municipal water district contracts with the water conservation district to provide conservation programs on its behalf. Therefore, economies of scale can be achieved through consolidation.

Should an agency submit an application to LAFCO to consolidate a water conservation district with a municipal water district, the plan for service would need to show that storm water capture and water education would not decrease. Further, the application would need to show the effects, if any, on the adjudications and contract with the Department of Water Resources for the State

Water Project. The municipal water districts in essence would institute a water conservation division to continue all water conservation activities.

Water Conservation Act of 2009

For efforts to reduce consumer consumption, the two water conservation districts in the Valley are neither 1) responsible for the demand reductions required by the Water Conservation Act of 2009 (10% demand reduction by 2015 and 20% by 2020), nor 2) responsible for helping the retail agencies within its boundary achieve their water use reductions as the water conservations districts are not “urban wholesale water providers”.⁴³ Therefore, the water conservation districts lack the ability to significantly contribute to important water conservation legislation regarding reducing consumer consumption.

Sustainable Groundwater Management Act of 2014

The Sustainable Groundwater Management Act of 2014 enacted comprehensive legislation aimed at strengthening local control and management of groundwater basins throughout the state. The Act provides provide tools and authorities for local agencies to achieve the sustainability goal over a 20-year implementation period. The first step to implement the Act is for local agencies to form local groundwater sustainability agencies (GSAs) by June 1, 2017. The second step is the adoption of groundwater sustainability plans (GSPs) by January 31, 2020 for basins determined by the Department of Water Resources to be in critical overdraft and by January 31, 2022 for those not in critical overdraft. Once the GSPs are in place, local agencies have 20 years to fully implement them and achieve the sustainability goal.

Current interpretation of the Act reads that adjudicated basins are exempt from creating a GSA and a GSP, but still requires reporting to the state. In this case, the court-appointed receivers (Chino Basin Watermaster and MUNI) can fulfill the reporting requirement to the state. Further, in the Chino Basin the IEUA and the Chino Basin Watermaster jointly report to the court on basin monitoring. Additionally, some basins extend beyond the adjudicated boundary, and in this case the larger agency may be the best suited to perform the task of the GSA, being the municipal water districts in the Chino Basin and San Bernardino Basin Area.

i. West Valley - Consolidation of Chino Basin Water Conservation District and the Inland Empire Utilities Agency

Moving towards total basin management, the Chino Basin WCD’s boundaries only cover approximately the westerly 50% of the Chino Groundwater Basin, with the other 50% composed of 30% in San Bernardino County and 20% in Riverside and Los Angeles Counties. The IEUA encompasses the entire Basin portion that is within San Bernardino County.

⁴³ Water Code 10608.36

Previous Dissolution Proposals

In 1969, LAFCO considered a proposal submitted by the County to dissolve the Chino Basin WCD (LAFCO 823). The County's application to LAFCO reasoned that the district received property taxes yet provided few if any services and that other districts can and do provide similar services. However, the proposal was terminated because the Commission determined that the district was not considered a district under the terms of the former District Reorganization Act (therefore not under LAFCO purview at that time), and LAFCO statute directed the process to return to the district's principal act.

In 1983 the San Bernardino LAFCO Commission directed its staff to conduct a special study on water conservation in the Chino Basin to include the multifaceted areas of water conservation, water resource management, and water reclamation. The special study produced a paper titled, A Position Paper Expressing Concern for the Water Conservation Program within the Chino Basin. A copy of the paper is included as Attachment #4 to this report.

The paper reiterated how important is it, and will continue to be, that the region have a coordinated program to conserve natural waters. The paper found that there was no coordinated program at that time and that efforts in water conservation were fragmented, and enormous quantities of water which might be preserved were lost to the area. The paper indicated several options as to funding and as to an organizational structure which might provide a coordinated program. In examining the options for solution, considering expertise, staffing and resources, the paper indicated that the two agencies best suited to perform a coordinated conservation effort were the Chino Basin Municipal Water District (now Inland Empire Utilities Agency) and the County Flood Control District – but neither of these would want the assignment without the assurance of full support from all the other benefitting agencies. The summary of responses from water agencies in the basin generally supported the conclusions of the study and supported a coordinated effort for water conservation, but no specific plans were identified.

According to the initial service review in 2002 for Chino Basin WCD, around 1997 the County of San Bernardino, in participation with LAFCO staff, explored the possibility of dissolving the district, with the water conservation functions to be succeeded by either IEUA or the Flood Control District. The County drafted legislation, which later failed to pass, to clarify the process that would occur if dissolution were proposed. Legislation was necessary because the district is an unusual agency that was partly under LAFCO jurisdiction and partly under the jurisdiction of its own principal act. At that time, LAFCO could review and consider and approve or deny reorganizations, but the protest hearing followed the provisions of the principal act which made it impossible for dissolution or consideration or any change to occur without agreement of the district board of directors. In this case, the district board did not agree that the district should be dissolved or

consolidated with another agency but suggested that the district provides a unique service in the West Valley.

Present

In the materials presented to LAFCO for this service review, Chino Basin WCD states that it has the primary responsibility and emphasis upon the spreading and conservation of natural run-off water. If this function were consolidated into another water organization that is multi-function, the conservation aspect could lose its primary emphasis. However, IEUA currently has substantial financial resources and various legal and stewardship obligations to ensure continued successful groundwater resource management. Part of IEUA's Vision is to continue to develop and protect local water supplies in an effort to "drought-proof" the Chino Basin region and promote water reliability by:

- Expanding use of recycled water in irrigation, landscaping and industrial uses in lieu of more costly imported water;
- Maintain groundwater recharge basins in order to optimize the recharge of storm water, recycled water and replenishment imported water supplies;
- Protect the quality of local water supplies by reducing salt and other emerging contaminants; and
- Promote water conservation and water use efficiency through education and outreach programs that inform the public of the importance of protecting water

This option is feasible given the information and reasoning identified above. The Chino Basin WCD has expressed its opposition to such a change and the IEUA has not publicly provided its position on this scenario.

ii. East Valley - Consolidation of San Bernardino Valley Water Conservation District and San Bernardino Valley Municipal Water District

In March 2006, San Bernardino LAFCO, per determinations and findings in Resolution 2893, approved a "zero" sphere of influence for SB Valley WCD. LAFCO's position at that time was that a single water conservation entity should address the water conservation services in the Bunker Hill Groundwater Basin, and SB Valley WCD should be consolidated with the San Bernardino Valley Municipal Water District (MUNI) in the future. The "zero" sphere was determined by LAFCO to be "...subject to review and change in the event a future significant change of circumstances so warrants." In July 2008, a proposed consolidation of SB Valley WCD and MUNI was denied by LAFCO.

The same arguments for the consolidation of Chino Basin WCD and IEUA apply to this scenario. During the processing of this service review, both the SB Valley WCD and MUNI have expressed the lack of desire to consolidate

given the contentious nature of the previous consolidation proposal and the deep and painful wounds that linger.

2. Formation of a Groundwater Sustainability Council for the East Valley

In response to the recent groundwater legislation to form groundwater sustainability agencies (GSAs) by June 1, 2017, and as an alternative to consolidating San Bernardino Valley Water Conservation District, San Bernardino Valley Municipal Water District, and the East Valley Water District ("East Valley WD") have submitted a joint letter signed by the respective general managers on the possible formation of a Regional Sustainable Groundwater Management Council. Copies of the letter dated December 12, 2014 and April 1, 2015 are included as Attachment #5. The concept has been vetted with each board with universal intent to move forward.

In sum, the letter expresses the following:

- We agree the questions LAFCO is asking are important.
- We support the intent of the questions and MSR [service review] process.
- We feel consolidation is damaging to the working relationships of the agencies.
- Basin water agencies are proposing a Regional Groundwater Sustainability Council, related to recent groundwater legislation requirements.
- With this proposal and the agencies' working relationships, consolidation is unneeded and produces an inferior result.

The letter identifies the goals of the Council at this time as:

- Develop collaborative management to ensure efficiency and fairness of costs to beneficiaries. The following agencies are expected to become members which eliminates equity issues in the current SB Valley WCD groundwater charge: Cities of Riverside, Redlands, San Bernardino, Loma Linda, Colton, and Yucaipa; East Valley WD; West Valley WD; agricultural and industry; mutual water companies; Fontana Union Water company, MUNI, and SB Valley WCD.
- Develop regional Groundwater Sustainability Council structure to help basin users meet sustainability need and share responsibility.
- Replace [SB Valley WCD] Groundwater Charge with part of basin sustainability funding.
- Use the opportunity to develop a cost model fair to all producers, small and large, public and private, in a collaborative manner.
- Protect recharge lands and long-term ability to recharge.
- While not all water related entities have had adequate time to discuss all elements of the Groundwater Sustainability Council, there is demonstrated support for moving to form such an organization.

The Groundwater Sustainability Council will be implemented through an agreement that will provide for the equitable funding of groundwater recharge for each basin covered by the Council. The Council's purpose will in no way change the existing

authority of the elected city councils and special district boards of directors that make up the Council. These governmental structures will fully retain their legislative authority to set rates, appropriate funds, etc. The Council, made up of general managers or equivalent staff representatives, will perform the scientific studies to determine the water supply and funding needs and then develop recommendations for their respective boards.

While this scenario does not achieve the full range of economies of scale in a consolidation, the formation of this Council would in essence be a functional consolidation, an effort that this Commission has historically supported.

Of note, this option does not require LAFCO approval except in the instance of service outside an agency's boundaries. Pursuant to Government Code Section 56133, LAFCO is charged with the responsibility for reviewing and taking action on any city or district contract to extend service outside of its jurisdiction. If an agency is anticipated to actively provide a service outside of its boundary it would need to submit an application to LAFCO requesting either approval or exemption from Section 56133. In this scenario, if the San Bernardino WCD is intended to perform activities outside its boundaries, that contract would need to be reviewed and approved by LAFCO.

3. West Valley – Sphere of Influence Expansion for the Chino Basin Water Conservation District to encompass the Chino Groundwater Basin

The Chino Basin WCD has long provided water conservation sustainability through demonstration and education and it provides this service well. To further its demonstration and education service, it opened its Water Conservation Center campus in 2014. However, the Chino Basin WCD does not encompass the entire Chino Basin nor does it encompass all of the San Bernardino County portion of the Basin. A sphere of influence expansion would allow the district to have a greater role in recharge planning and education activities throughout the Basin. This would ultimately support the position that the Chino Basin WCD and IEUA should be one agency for the future.

4. East Valley – Sphere of Influence Expansion for the San Bernardino Valley Water Conservation District to encompass the Remainder of the Bunker Hill Basin

The San Bernardino Valley Water Conservation District has submitted an application to LAFCO requesting expansion of its sphere of influence from a zero sphere designation to one that extends beyond its boundary to include territory along the Santa Ana River (LAFCO 3173). Per Government Code Section 56076, a "Sphere of influence" means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.

However, LAFCO and its staff have continually expressed its sentiments that the district move towards expanding its sphere of influence to encompass the entirety of the Bunker Hill Basin. Therefore, the staff would recommend that LAFCO 3173 be modified to address the boundaries of MUNI as an alternative for further discussion.

In response to the draft staff report, the District requested in LAFCO 3173,

“a sphere that was supported by the agencies it currently serves. Our request has not changed. However, to address LAFCO suggestions, the 2014 Groundwater Management Act and build on the broad cooperative environment building in East Valley, the District with Muni, East Valley Water District and others is organizing the Groundwater Sustainability Council [GSC] to address the same issues LAFCO raises here. We feel that there is an opportunity to solve several issues in this cooperative coordinated effort that would not be solved in consolidation or changes to spheres themselves. However we do agree that the sphere, as ultimate service area, should be addressed with the GSC. We strongly believe that LAFCO should allow the GSC to form and implement its programs and assess the needs for changes to services based on its efforts and the developing changes being considered.”

5. Maintenance of the Status Quo

The maintenance of the current government structure is always an option. It is likely that IEUA will be involved in some manner for the reporting related to the groundwater legislation as it already jointly reports to the court, along with the Watermaster, for the Chino Basin. Therefore, the role of the Chino Basin WCD would remain duplicative.

In the East Valley, the groundwater sustainability agency is proposed to the Groundwater Sustainability Council described above. Nonetheless, the role of the SB Valley WCD would remain duplicative as MUNI and Western Municipal Water District are the Watermaster for the San Bernardino Basin Area.

C. Conclusion for Determination VI.

Within at least the past ten years, the two water conservation districts have not consistently yielded enough candidates for the board of directors to field competitive elections. This has resulted in the majority of the seats being filled by appointments in lieu of election. The elections for the Municipal Water Districts are more competitive: IEUA has had an election for at least one board member in eight out of the last ten election cycles; and MUNI has had an election for at least one board member in seven out of the last ten election cycles.

Given the determinations of this service review, LAFCO staff's position is that one of two options should be supported by the Commission: (1) the consolidation of the two Water Conservation Districts into a single Water Conservation District serving the entirety of the Valley region and bringing the educational opportunities to a much broader constituency, or (2) two water conservation districts should consolidate with its respective overlaying municipal water district.

The first scenario of a single Water Conservation District encompassing the Valley has not been supported by any of the districts citing such concerns as separate basin activities and resources to the location of operations and governance. While this

scenario would provide direct control of the consolidation process by the Water Conservation Districts and provides for a means to extend the conservation educational elements to all of the urban valley region, it appears that it has been discounted by all involved in the study. Without support from some quarter of the affected agencies, success would not be anticipated.

Turning to option two, consolidation with the respective Municipal Water Districts, for SB Valley WCD, a proposed consolidation of the SB Valley WCD and the San Bernardino Valley Municipal Water District was denied by LAFCO on the basis that the financial and structural issues identified by staff were being addressed by the District and consolidation would not offer an assurance of the continued services. During the processing of this service review, both the SB Valley WCD and MUNI have outlined their reluctance to consolidate given the contentious nature of the previous process and the deep and painful wounds that linger. However, as a part of this service review these agencies, along with East Valley Water District, have submitted an outline to form a Groundwater Sustainability Council ("Council") for stormwater capture, water import funding, and groundwater recharge which they are circulating to the east valley retailers. This effort proposes a means or mechanism to coordinate key functions and shared services and facilities, absent formal consolidation. The Council would be the responsible entity for ensuring adequate stormwater capture, imported water funding, and groundwater recharge efforts. The Council would be composed of the general managers of the water producers from the basin. While this scenario does not achieve consolidation it moves toward shared services and facilities, and it provides a means to move towards more efficient provision of this service in the East Valley area. While not the preferred method for service provision, LAFCO staff would support this option absent a desire for consolidation by the agencies. The one caveat with the structure is that the general managers form the council rather than elected officials which does not allow for a true functional consolidation as a joint powers authority would. Given the proviso identified above, LAFCO staff supports this effort and in doing so recommends that the Commission modify LAFCO 3173 to evaluate the alternative of modifying the SB Valley WCD's sphere of influence to be more in line with the Council's proposed efforts.

For the West Valley, efforts and sentiments to dissolve the Chino Basin WCD date back to at least 1969 based on the reasoning that the district's functions and services could be assumed by an overlying agency that has the same authorized functions and services (IEUA or Flood Control District). Given the information gathered and the determinations of this service review, LAFCO staff's position is that the best option for continuing the level of service currently offered for the entire West Valley would be for the Chino Basin WCD to consolidate with the IEUA. Should these districts not desire to put forth an application to LAFCO, the formation of an alliance, joint powers authority, or council similar to that as being proposed in the East Valley, as identified above, would move towards achieving greater economies of scale. Therefore, LAFCO staff recommends that the Commission initiate a sphere of influence proposal to evaluate an expansion of the Chino Basin WCD's existing coterminous sphere.

In order to address these recommendations, LAFCO staff is proposing that the Commission:

- Initiate a sphere of influence review for the Chino Basin Water Conservation District to include analysis of the following alternatives:
 - Expansion of the sphere of influence to be coterminous with the sphere of influence of IEUA;
 - Expansion to include the whole of the Chino Basin; or,
 - Designation of a zero sphere of influence.
- Modify LAFCO 3173 to include the analysis of the following alternatives for consideration:
 - Expansion of the sphere of influence to be coterminous with the sphere of influence of MUNI,
 - Include the whole of the Bunker Hill Basin, or
 - The request initiated by the District to expand the sphere of influence from its current zero sphere designation to include the district's boundary plus an additional 1,973 acres.

ATTACHMENTS

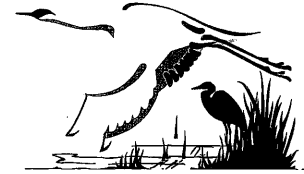
1. Maps
 - a. Location
 - b. Water Conservation Districts and Basins
2. Maps of the Upper Santa Ana River Habitat Conservation Plan (Wash Plan)
3. Financial Statements for the Agencies
 - a. Chino Basin Water Conservation District: June 30, 2014
 - b. Inland Empire Utilities Agency: June 30, 2014
 - c. San Bernardino Valley Municipal Water District, June 30, 2014
 - d. San Bernardino Valley Water Conservation District, June 30, 2014
4. 1983 LAFCO Special Study on Water Conservation in the Chino Basin
5. Letters dated April 1, 2015 and December 12, 2014 regarding Regional Sustainable Groundwater Management Council for the East Valley
6. Information Provided by the Chino Basin Water Conservation District dated March 2, 2015
7. Responses to the Draft Staff Report
 - a. Chino Basin Water Conservation District
 - b. Inland Empire Utilities Agency
 - c. San Bernardino Valley Municipal Water District
 - d. San Bernardino Valley Water Conservation District
 - e. San Bernardino County Flood Control District

**Letter from Tom Dodson of
Tom Dodson and Associates**

Attachment 4

TOM DODSON & ASSOCIATES

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



August 24, 2015

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490

RECEIVED
AUG 26 2015

LAFCO
San Bernardino County

Dear Kathy:

LAFCO 3192 consists of a Sphere of Influence amendment for the Chino Basin Water Conservation District (District). The District encompasses approximately 81 square miles. The LAFCO Staff has identified three alternative sphere configurations for the Commission's consideration. They include: 1) expansion of the sphere of influence to be coterminous with the sphere of influence of the Inland Empire Utilities Agency (IEUA); 2) expansion to include the whole of the Chino Groundwater Basin in San Bernardino County (Expansion to include Chino Groundwater Basin area in Los Angeles or Riverside counties requires an application and approval from the respective LAFCO); or 3) designation of a zero sphere of influence. LAFCO Staff is recommending alternative 1, a coterminous sphere with IEUA's sphere. As we have learned from previous sphere and service reviews, the designation of a sphere, which focuses on a planning boundary, does not by itself cause any modifications to the physical environment. Only when the subsequent step is taken to physically revise the jurisdictional boundary or range of services of a service district does a potential for physical change in the environment occur.

The sphere amendment for the District does not appear to have any potential to alter the existing physical environment in any manner. Adoption of any of the three sphere alternatives does not have any potential for causing physical changes in the environment. Therefore, I recommend that the Commission find that a General Rule Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) applies to LAFCO 3192 under Section 15061(b)(3) of the State CEQA Guidelines, 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 3192.

In this case, adopting a sphere that is coterminous with the IEUA sphere does not alter the existing operations or obligations of the District and does not adversely affect any existing physical facilities. Based on this review of LAFCO 3192 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 3192 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 3192 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 (NOE) with the County Clerk to the Board for this action once the action is completed.

A copy of this memorandum and the NOE 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 black ink, appearing to read "Tom Dodson". The signature is written in a cursive, flowing style.

Tom Dodson

Draft Resolution No. 3203

Attachment 5

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 885-8170
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

PROPOSAL NO.: LAFCO 3192

HEARING DATE: SEPTEMBER 16, 2015

RESOLUTION NO. 3203

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3192 – SPHERE OF INFLUENCE AMENDMENT FOR THE CHINO BASIN WATER CONSERVATION DISTRICT (Expansion to be coterminous with the sphere of influence of the Inland Empire Utilities Agency).

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

WHEREAS, a sphere of influence amendment was initiated by the Local Agency Formation Commission (hereinafter referred to as "the Commission") for the Chino Basin Water Conservation District in San Bernardino County and was filed with the Executive Officer of 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 her 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 any 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; it received evidence as to whether the territory is inhabited or uninhabited, improved or unimproved; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, 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 sphere of influence amendment is statutorily exempt from CEQA and such exemption was adopted by this Commission on September 16, 2015. The Commission directed its Executive Officer to file a Notice of Exemption within five working days of its adoption; 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

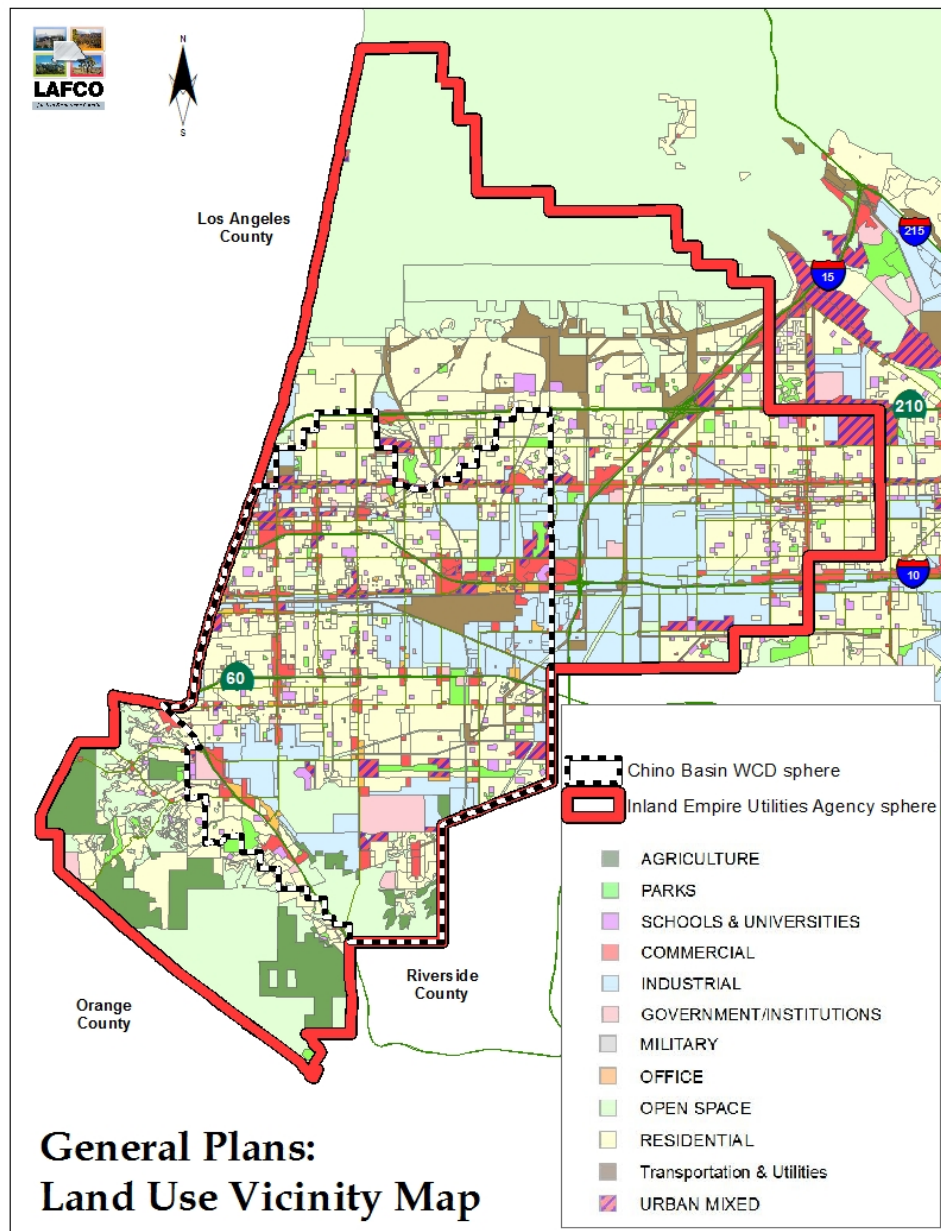
RESOLUTION NO. 3203

influence for Chino Basin Water Conservation District should be expanded to be coterminous with the sphere of influence of the Inland Empire Utilities, as more specifically described on the attached Exhibit “A” and “A-1”; and,

WHEREAS, the following determinations are made:

1. **The present and planned land uses in the area, including agricultural and open space lands:**

The map below illustrates the land use designations of the city and county jurisdictions within the sphere of influence of the IEUA – shown in red. As shown, residential, urban mixed, and industrial uses are prevalent in the urbanized areas with commercial interspersed. Parks and Open Space are heavy at the southwestern end.



RESOLUTION NO. 3203

2. The present and probable need for public facilities and services in the area:

Present Need

The population within the IEUA sphere and Chino Basin WCD increased 23% and 6%, respectively, from 1990 to 2000. Interestingly, the IEUA sphere grew at a lesser rate from 2000 to 2010 during the construction boom (16% IEUA sphere). The 2015 estimated population is 841,210 (IEUA sphere) and 444,901 (Chino Basin WCD sphere), and projections identify the areas to grow at marked lesser rate of 0.3% annually through 2020.

There are generally two basins within the IEUA sphere: Chino and Cucamonga, both of which are adjudicated. The figure below is a summary of the two basins from the Department of Water Resources ("DWR"). As part of the California Statewide Groundwater Elevation Monitoring Program and pursuant to the California Water Code §10933, DWR is required to prioritize California groundwater basins, so as to help identify, evaluate, and determine the need for additional groundwater level monitoring. As identified by the DWR, the Chino Basin has been designated as a High Priority basin (high cumulative ratings as shown in the chart below) and the Cucamonga Basin as a Medium Priority basin for future monitoring. Both share similar population, groundwater reliance factors, and have been impacted from the increasing population.

For the first time in California's history, urban water suppliers are required to comply with new mandatory restrictions aimed at achieving a statewide 25 percent reduction in potable urban water use. The Governor's Executive Order comes as water supplies continue to decline due to the severe drought gripping the state. The need for water conservation resources has intensified due to this circumstance.

Probable Need

It is not until 2025 that the growth rate is projected to increase. LAFCO uses a 30-year horizon for its population projections, and its analysis in conjunction with Southern California Associated Governments ("SCAG") projections provides a projected population of 1.14 million in 2045 for the current IEUA sphere of influence and 603,000 for the current Chino Basin WCD. For the IEUA sphere, which includes the territory of the Chino Basin WCD sphere, the 2045 figure would be roughly twice that of 1990 with an evident corresponding increase in population density.

The population projections identified above do not include the heavy daily business, commercial, education and industrial activities. Further, the transient traffic on Interstates 10 and 15 (two of four interstates that exit Southern California to the east) has significantly increased in volume each decade and is anticipated to continue to do so. All of this signals that the west Valley Region is one of the most densely populated and traveled parts of the state and that the need for water conservation resources will only intensify for the already impacted groundwater basins.

Over the next 25 years, the subject area population is expected to significantly increase. It is paramount that the agencies recognize the need to develop and promote programs that protect existing water resources for the region's sustainability and future growth. Conservation and the efficient use of water is the most cost-effective source of water supply reliability and are essential to meeting the region's current and future demand.

RESOLUTION NO. 3203

3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;**

The following agencies actively recharge the groundwater basins (not limited to surface water and stormwater/runoff) or account for recharge within the general West Valley: Chino Basin Water Conservation District, Chino Basin Watermaster (account and implement basin management), Inland Empire Utilities Agency, Monte Vista Water District, and City of Upland. The Inland Empire Utilities Agency encompasses the whole of the agencies under LAFCO purview: Chino Basin Water Conservation District, Monte Vista Water District, and City of Upland. The Chino Basin Watermaster is the court-appointed watermaster for the Chino Groundwater Basin which extends into Los Angeles and Riverside Counties. The adjudicated boundary does not encompass the entirety of the physical boundary, as depicted by the Department of Water Resources. The remaining areas of the physical boundary do not contain significant recharge activities.

Specifically, the Chino Basin WCD actively protects and replenishes its portion of the Chino Basin with rainfall and storm water discharge from the San Gabriel Mountains. Additionally, it provides water conservation education to individuals and organizations within the basin to further promote the efficient use of local water resources.

Surface Water Capture

The maps from the staff report for LAFCO 3192 illustrate the agencies that actively capture surface and storm water and the associated recharge sites in the West Valley. The maps on pages 13 and 14 identify the landowner of the recharge basins in the West Valley, and the map on page 15 identifies the type of recharge (e.g. storm, imported) within the Chino Basin WCD. The Cucamonga Valley Water District generally comprises the Cucamonga Basin (an adjudicated basin), and it does not actively recharge the basin.

The Groundwater Recharge Master Plan identifies opportunities to use captured water during wet years when surplus water is available. The Agreement for Operation and Maintenance of Facilities to Implement the Groundwater Recharge Master Plan is commonly referred to as the Four Party Agreement, and was entered into by the Watermaster, Flood Control District, Chino Basin WCD, and IEUA to cooperate in a program to implement certain portions of the Recharge Master Plan for the purpose of assuring that the Chino Basin has adequate recharge capabilities to meet its future needs. The effective date of the agreement was January 23, 2003 and continues through December 31, 2032.

The Chino Basin WCD owns eight basins that are used to percolate water from local runoff, imported water purchased by Watermaster parties, and recycled water from IEUA. Five of the basins are located in Montclair, two in Upland, and one in Ontario. The eight basins are described below:

RESOLUTION NO. 3203

Drainage System, Basin	IEUA Role	CBWCD Role	Storage Capacity (AFY)	Water Recharge Source	Notes
San Antonio Channel Drainage System					
College Heights East	A,B,D,F,H,I,J,L,N	G,M	145	Storm, State Project	No need for E, no infrastructure for C
College Heights West	A,B,D,F,H,I,J,M,N	G,L	126	Storm, State Project	No need for E, no infrastructure for C
Montclair 1	A,B,D,F,H,I,K,M,N	E,G,J,L	134	Runoff, storm, State Project	No infrastructure for C
Montclair 2	A,B,D,F,H,I,K,M,N	E,G,J,L	243	Runoff, storm, State Project	No infrastructure for C
Montclair 3	A,B,D,F,H,I,K,M,N	E,G,J,L	49	Runoff, storm, State Project	No infrastructure for C
Montclair 4	A,B,D,F,H,I,K,M,N	E,G,J,L	97	Runoff, storm, State Project	No infrastructure for C
Brooks	A,B,C,D,F,H,I,K,M,N	E,G,J,L	503	Runoff, storm, recycled, State Project	
West Cucamonga Channel Drainage System					
Ely 3 *	A,B,C,D,F,H,I,J,M,N	E,G,L,K	136	Runoff, storm, recycled	
<p>* Ely #1 and #2 are owned by San Bernardino County Flood Control District.</p> <p>A) Stormwater Passive Capture and Volume Accounting B) Stormwater Active Diversion and Volume Accounting C) Recycled Water Delivery and Volume Accounting D) Imported Water Delivery and Volume Accounting E) Vector Control Coordination F) Weeding Monthly in Areas of Impact G) Landscape and Property Maintenance H) Operate and Maintain GWR Communication Infrastructure I) Operate and Maintain Diversion Infrastructure J) Infiltration Restoration Lead Agency K) Infiltration Restoration - support agency L) Basin grading maintenance - lead agency M) Basin grading maintenance - support agency N) Biologic Surveys and Biological Permitting</p> <p>sources: Chino Basin WCD and IEUA</p>					

As shown above, IEUA plays a significant role in accounting, operating, and maintaining the Chino Basin WCD basins. The outline below summarizes the activity roles from the figure above:

- **IEUA only, all basins**
 - Stormwater passive capture and volume accounting
 - Stormwater active diversion and volume accounting
 - Imported water delivery and volume accounting
 - Weeding monthly in areas of impact
 - Operate and maintain communication infrastructure
 - Operate and maintain diversion infrastructure
 - Biologic surveys and biological permitting

RESOLUTION NO. 3203

- **IEUA only, various basins**
 - Recycled water delivery and volume accounting
- **Chino Basin WCD only, all basins**
 - Landscape and property maintenance
- **Chino Basin WCD only, various basins**
 - Vector control coordination
- **IEUA and Chino Basin WCD, various basins**
 - Infiltration restoration - lead agency
 - Infiltration restoration - support agency
 - Basin grading maintenance – lead agency
 - Basin grading maintenance – support agency

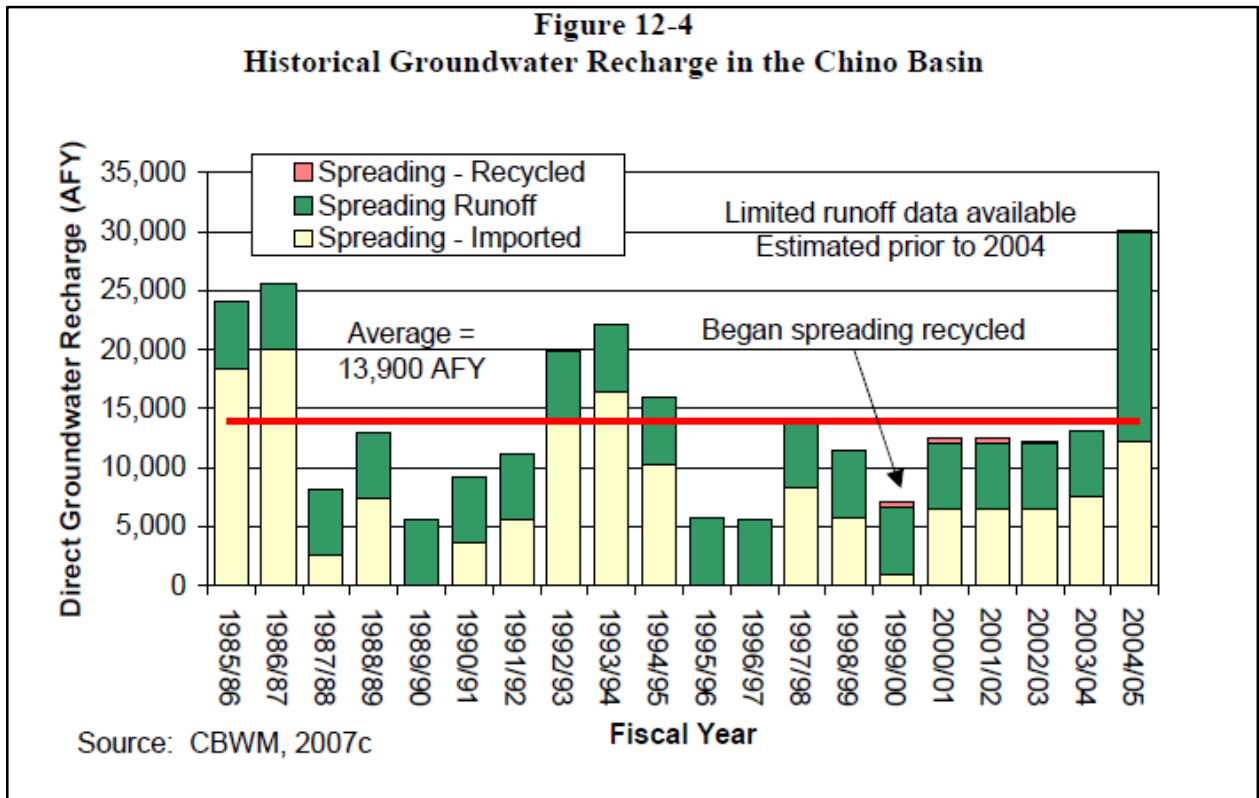
The district's basins from FY 2006-07 through FY 2013-14 captured and recharged an average of 8,325 acre-feet of water. Of the 8,325 acre feet of water captured, the annual average includes 2,225 acre-feet of storm and nuisance water; 1,351 acre-feet of recycled water; and 4,750 acre-feet of imported water. According to the district, utilizing the Metropolitan Water District's Tier 2 treated rate (\$1,032/ac. ft.), the nominal present value of the average captured and recharged water is over \$8,591,400.

Because storm runoff water represents a potential threat to both residential and commercial property owners, yet is the most economical source for recharge of the Basin water supply, Chino Basin WCD works closely with the Watermaster and the Flood Control District to provide the most effective balance between flood control and water conservation result. As a consequence, a number of Chino Basin WCD land acquisitions and construction projects for water conservation purposes have been made with the Flood Control District and others in mind. Historically, the district has also constructed diversion facilities and improvements to Flood Control District owned basins that help replenish the Chino Basin. Water retained by these facilities would otherwise be lost in flows to the Santa Ana River.

Spreading in the Chino Basin

Imported water, recycled water and runoff (which includes surface water) are currently spread in the Chino Basin. As shown in the figure below, an average of about 13,900 AFY has been spread between fiscal years 1985-86 and 2004-05. About 7,700 AFY has been recharged with imported water from Metropolitan Water District during this time. Runoff recharge was not measured prior to 2004; however, the Watermaster estimates that the historical runoff spread was approximately 5,600 AFY. In fiscal year 1999-00, recycled water began to be recharged in the Ely Basins and, an average of about 300 AFY of recycled water has been recharged in the Chino Basin through 2004-05.

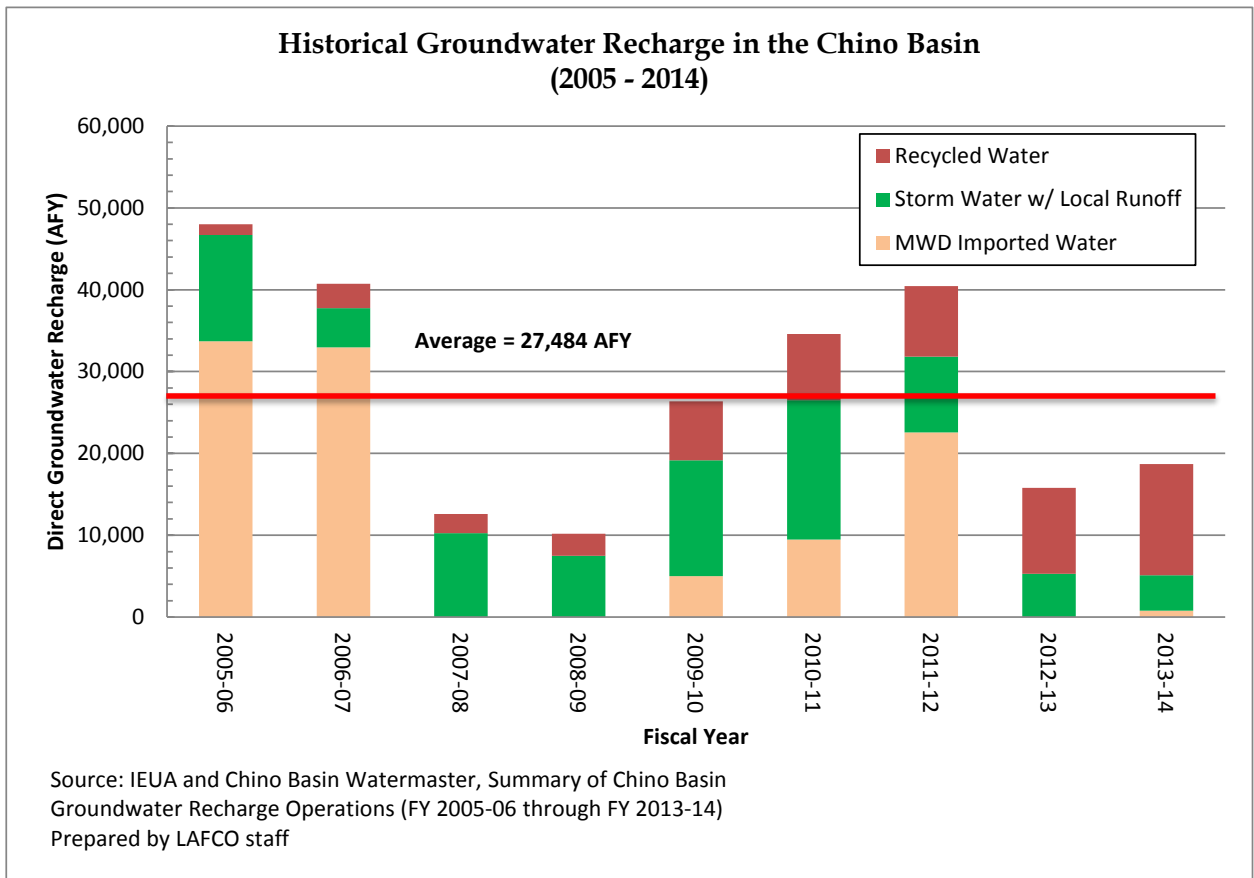
RESOLUTION NO. 3203



Source: IEUA Recharge Master Plan

Expanding from the above data, 27,484 AFY has been spread from FY 2005-06 through FY 2013-14. Below LAFCO has created a figure to illustrate the amount of groundwater recharge from all three sources. As shown, storm water recharge has declined significantly since FY 2010-11 (due to the drought), being less than the storm water recharge average during this timeframe. What was first considered a recharge source to reduce reliance on imported water from Metropolitan Water District, due to the current drought recycled water has now become a necessity for the basin.

RESOLUTION NO. 3203



SUMMARY OF CHINO BASIN GROUNDWATER RECHARGE OPERATIONS									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Recycled Water	1,304	2,989	2,340	2,684	7,210	8,065	8,634	10,479	13,593
Storm Water w/ Local Runoff	12,999	4,770	10,243	7,498	14,141	17,051	9,266	5,298	4,299
MWD Imported Water	33,705	32,968	0	0	5,001	9,465	22,560	0	795
TOTAL	48,008	40,727	12,583	10,182	26,352	34,581	40,460	15,777	18,687
units in acre-feet									
source: IEUA and Chino Basin Watermaster, Summary of Chino Basin Groundwater Recharge Operations (FY 2005-06 through FY 2013-14)									
Average = 27,484 acre feet/year									

Education and Demonstration

As for water education, the Chino Basin WCD operates a demonstration garden and opened its renovated Water Conservation Center campus in 2014 (although IEUA operates an education park in Chino and the Cucamonga Valley Water District operates a garden within the Cucamonga Basin). The Water Conservation Center includes a landscape design room where one can draft a water wise landscape, classroom that holds 50 people, an educational lobby exhibit and a dedicated classroom building and edible garden area for Children's Education. The newly renovated water-wise demonstration garden features nine demonstration zones with over 300 water wise plant species arranged by type and water needs. The 1.5 acre garden is open to the public for self-guided or staff guided tours and includes educational signage and demonstration exhibits that teach about water-wise landscaping, efficient irrigation and good maintenance practices. The district site also includes a demonstration parking lot that showcases various permeable pavements

RESOLUTION NO. 3203

and Low Impact Development techniques; and a wilderness park that contains examples of 40 tree species that require low water - both are open to the public. At the Center, the district conducts workshops, hosts public events, accepts and actively pursues field trip visits from schools, and showcases various construction and landscape designs that reduce water consumption. The district taught 24 workshops in 2012-13 and seven in 2013-14, which had an average attendance of 25.

One of the district's longest running programs, an annual Earth Day field trip event, has reached over 25,000 5th graders with water conservation education since 1992. The district also offers daily teaching field trips, focused on water conservation. In addition to these on-site programs, the District runs a water conservation poster contest which received 2,500 entries from 125 classes last year and a grant program that, since 1999, has provided up to \$5,000 for college bound students who are studying towards a career in a water related field.

Landscape Audits

The district administers landscape and irrigation audits in partnership with IEUA and the eight member retail member agencies. Additionally, the district conducts landscape design consultations, and has financially assisted public schools and parks within its boundaries to help offset the costs of onsite irrigation system conversion as a result of connecting to the recycled water system, thus reducing the need for potable water. Chino Basin WCD also provides incentives for public sector schools and parks within its service area. The figure below identifies the district's landscape audit program performance from FY 2007-08 through FY 2013-14.

Chino Basin WCD – Landscape Evaluation and Audit Program

Year	Total Site Audits	Total Irrigated Acreage Audited	Total Potential Water Savings (AF/yr)
FY 07-08	24	36	196
FY 08-09	135	289	782
FY 09-10	105	114	303
FY 10-11	78	86	173
FY 11-12	114	64	71
FY 12-13	48	14	49
FY 13-14	83	15	38

Source: IEUA, Annual Water Use Efficiency Programs Report, FY 2013-14

Conservation Contracts with IEUA

Other agencies contract with Chino Basin WCD to provide conservation programs on its behalf. Documents provided by the district identify IEUA as the main agency that contracts with the district to carryout efforts to reduce consumer consumption. Below is a summary of the current contracts between Chino Basin WCD and IEUA.

- Implementation and Completion of Landscape Audits for Customer Sites Currently Identified as Potentially Significant Water Conservation Candidates within the IEUA Service Area.
 - Contract Date: September 2010
 - Latest Amendment Date: August 2014
- Residential Landscape Training Program
 - Contract Date: January 2011

RESOLUTION NO. 3203

- Latest Amendment Date: August 2014
- Dedicated Irrigation Landscape Meters Water Budget Program
 - Contract Date: December 2012
 - Latest Amendment Date: August 2014
- Implementation and Completion of Landscape Transformation Services for Customer Service within the IEUA Service Area
 - Contract Date: July 2013
 - Completed July 2014
- Garden in Every School Program Services within the IEUA Service Area
 - Contract Date: September 2013
 - Latest Amendment Date: November 2014

Qualified Water Efficient Landscaper Certification Program

The Qualified Water Efficient Landscaper (QWEL) Program (developed by the Sonoma Saving Water Partnership and the Environmental Protection Agency) provides landscape professionals with 20 hours of education on principals of proper plant selection for the local climate, irrigation system design and maintenance, and irrigation system programming and operation. QWEL certification is a valuable tool for consumers to be able to select landscape and maintenance professional who understand and have value for water and resource conservation. Seven district QWEL certified and can teach the class to others. The District has received QWEL Board and EPA certification as an adopter of the QWEL program and as an EPA WaterSense Labeled Professional Certification Program provider.

IEUA

In 2009, IEUA worked with its member agencies, to create a Regional Water Use Efficiency Partnership Workgroup. The Workgroup initiated an eight-step process that resulted in the creation of a regional Water Use Efficiency Business Plan to guide its future conservation efforts. The purpose of the Plan is to create the strategy to meet the region's per capita water demand goals. The Plan also identifies cost-effective water use efficiency programs to be implemented in order to achieve regional conservation goals. These programs place a strong emphasis on landscape irrigation efficiency since landscape water use represents a significant portion of the total water demand for the IEUA service area.

IEUA is a member of the Metropolitan Water District of Southern California which provides rebates to Commercial, Industrial, and Institutional ("CII") customers for various water saving technologies through the Save a Buck Rebate Program and Public Sector Program.

Each year, IEUA prepares a comprehensive water-use efficiency report (Annual Water Use Efficiency Programs Report) which tracks the progress that has been made against the goals and objectives, identified in its long-term Water-Use Efficiency Plan. Member agencies receive service area specific data, which serves as a roadmap for developing the next annual budget and assists in evaluating overall program performances. Since 2004, IEUA has reached over 19,000 students with its Garden in Every School program, which educates the school, family, and community about water-wise usage through a garden landscape, featuring drought tolerant plants and efficient irrigation.

IEUA operates the Chino Creek Wetlands and Educational Park located adjacent to the IEUA headquarters in Chino. The park consists of 22 acres that have been landscaped with a wide

RESOLUTION NO. 3203

variety of “California Friendly” trees and grasses and features a state-of-the-art irrigation management system. The park serves as a demonstration area for the community on improving water supply, storm water treatment and water efficiency. The Park’s Water Discovery program has received a total of 212 field trips with 10,890 students since the inception of the program. In addition to the field trips, 7,266 community members and 4,384 students have taken part in IEUA’s annual Earth Day celebration since 2007.

Cucamonga Valley Water District

The Cucamonga Valley Water District and the Frontier Project operate demonstration gardens which are open to visit each weekday. The gardens provide information on water wise landscaping and feature over 100 water savvy plants. Additionally, the district provides landscape consultations for the homes of district customers to identify water waste in the home’s landscape. Each spring, the district hosts a Water Savvy Garden Tour (previously Landscape Tour) to educate residents about the beauty and benefits of water saving landscapes. Since its inception in 2009, the Water Savvy Garden Tour has educated over 600 residents on how they can make changes in their yards to use water efficiently.

4. The existence of any social or economic communities of interest in the area;

Within the existing sphere of influence for the Inland Empire Utilities Agency (Option 1), are the following social communities of interest: Cities of Chino, Chino Hills, Fontana (western portion), Montclair, Ontario, Rancho Cucamonga, and Upland; and unincorporated territory. Additionally, there are generally two basins within the IEUA sphere: Chino and Cucamonga, both of which are adjudicated.

Economic communities of interest are vast and varied. To illustrate this point, the subject area includes heavy business, commercial, education, and industrial activities, as well as an international airport. Further, the transient traffic on Interstates 10 and 15 (two of four interstates that exit Southern California to the east) has significantly increased in volume each decade and is anticipated to continue to do so. All of this signals that the area is one of the most densely populated and traveled parts of the state.

5. OTHER FINDINGS

- A. As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, *The Inland Valley Bulletin*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As outlined in Commission policy, an eighth page legal ad was provided.
- B. As required by State Law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individual requesting mailed notice.
- C. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination.

WHEREAS, pursuant to the provisions of Government Code Section 56425(i) the range of services provided by Chino Basin Water Conservation District shall be limited to the following:

RESOLUTION NO. 3203

Chino Basin Water Conservation District

Water Conservation

Groundwater replenishment and water conservation activities, which include water conservation education services

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission for San Bernardino County, State of California, that this Commission shall consider the territory described in Exhibit "A" as being within the sphere of influence of Chino Basin Water Conservation District, it being fully understood that amendment 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 for San Bernardino County, State of California, does hereby determine that Chino Basin Water Conservation District shall indemnify, defend, and hold harmless the Local Agency Formation Commission for San Bernardino County from any legal expense, legal action, or judgment arising out of the Commission's approval of this sphere establishment, including any reimbursement of legal fees and costs incurred by the Commission.

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

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission for San Bernardino County, 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 September 16, 2015.

DATED:

KATHLEEN ROLLINGS-McDONALD
Executive Officer